SENATE

THURSDAY, AUGUST 5, 1937

(Legislative day of Thursday, July 22, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, August 4, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1935) to authorize and direct the Comptroller General of the United States to allow credit for all outstanding disallowances and suspensions in the accounts of disbursing officers or agents of the Government for payments made pursuant to certain adjustments and increases in compensation of Government officers and employees.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 7373) to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6384. An act to liberalize the provisions of existing laws governing service-connected benefits for World War veterans and their dependents, and for other purposes; and

H. R. 8081. An act authorizing the Comptroller General of the United States to allow credit in the accounts of disbursing officers for overpayments of wages on Civil Works Administration projects and waiving recovery of such overpayments.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 176. An act for the relief of George Smith and Ketha Smith;

S. 184. An act for the relief of Josephine M. Scott;

S. 1044. An act for the relief of Thomas W. Seay;

S. 1129. An act to authorize the Secretary of the Interior to accept from the State of Utah title to a certain State-owned section of land and to patent other land to the State in lieu hereof, and for other purposes;

S. 1266. An act to authorize the city of Chamberlain, S. Dak., to construct, equip, and maintain tourist cabins on American Island, S. Dak., to operate and maintain a tourist camp and certain amusement and recreational facilities on such island, to make charges in connection therewith, and for other purposes;

S. 1822. An act for the relief of Harry Burnett;

S. 1881. An act for the relief of the Consolidated Aircraft Corporation;

S. 2334. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

S. 2399. An act for the relief of R. L. McLachlan; and

H. R. 7373. An act to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes.

CALL OF THE ROLL

Mr. LEWIS. In view of the fact that votes are to be taken on amendments that are pending to the bill before the Senate, a quorum is needed, and I ask for a roll call in order to secure one.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Andrews	Copeland	La Follette	Radcliffe
Ashurst	Davis	Lee	Reynolds
Austin	Dieterich	Lewis	Schwartz
Bailey	Donahey	Lodge	Schwellenbach
Barkley	Ellender	Logan	Sheppard
Berry	Frazier	Lonergan	Shipstead
Bilbo	George	Lundeen	Smith
Black	Gerry	McAdoo	Steiwer
Bone	Gillette	McCarran	Thomas, Okla.
Borah	Glass	McGill	Thomas, Utah
Bridges	Green	McKellar	Townsend
Brown, Mich.	Guffey	McNary	Truman
Brown, N. H.	Hale	Maloney	Tydings
Bulkley	Harrison	Minton	Vandenberg
Bulow	Hatch	Moore	Van Nuys
Burke	Herring	Murray	Wagner
Byrd	Hitchcock	Neely	Walsh
Byrnes	Holt	Nye	Wheeler
Capper	Hughes	O'Mahoney	White
Chavez	Johnson, Calif.	Overton	
Clark	Johnson, Colo.	Pepper	

Mr. LEWIS. I again announce that the Senator from Wisconsin [Mr. DUFFY] and the Senator from Georgia [Mr. RUSSELL] are absent on official duty as members of the committee to attend the dedication of the battle monuments in France.

I further announce that the Senator from Arkansas [Mrs. CARAWAY] is unavoidably detained; that the Senator from Idaho [Mr. POPE] is detained on official business; and that the Senator from New Jersey [Mr. SMATHERS] is absent because of illness in his family.

Mr. SCHWELLENBACH. I announce that the Senator from Nebraska [Mr. NORRIS] is detained from the Senate because of illness.

Mr. AUSTIN. I announce that my colleague the junior Senator from Vermont [Mr. GIBSON] is absent in the performance of official duty as a member of the committee to attend the dedication of the battle monuments in France.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

VIRGINIA DARE CELEBRATION, ROANOKE ISLAND, N. C.

The VICE PRESIDENT. Under authority of House Concurrent Resolution 17, agreed to June 16, 1937, the Chair appoints the Senator from Kentucky [Mr. BARKLEY], the Senator from Virginia [Mr. GLASS], the Senator from Tennessee [Mr. MCKELLAR], the Senator from Oregon [Mr. MCNARY], and the Senator from Massachusetts [Mr. LODGE] as members, on the part of the Senate of the joint committee to represent Congress at the celebration of the three hundred and fiftieth anniversary of the birth of Virginia Dare, to be held at Roanoke Island, N. C., on August 18, 1937.

HOME MORTGAGES IN PENNSYLVANIA (S. DOC. NO. 92)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Home Loan Bank Board, transmitting, in response to Senate Resolution 157, agreed to July 27, 1937, a preliminary report on the total of home mortgages and other obligations acquired by the Home Owners' Loan Corporation in the State of Pennsylvania, the number of foreclosures made by the Corporation in such State, and other similar information, for the fiscal years ended 1934, 1935, and 1936, which, with the accompanying report, was ordered to lie on the table and be printed.

PETITIONS AND MEMORIAL

The VICE PRESIDENT laid before the Senate the petition of Mr. and Mrs. J. M. Hutcheson, of Huntington, W. Va., praying for the prompt adoption of the general legislative objectives of the President of the United States, which was ordered to lie on the table.

Mr. WALSH presented a resolution adopted by the United Shoe Workers of America, C. I. O., in the State of Massachusetts, urging the enactment of Senate Joint Resolution 176, favoring the employment by the Works Progress Administration of persons unable to find employment in private industry, which was referred to the Committee on Education and Labor.

Mr. TYDINGS presented a resolution adopted at Denton, Md., by women members of the Church of the Brethren of the Eastern District of Maryland, favoring the enactment of

legislation to prohibit the export of implements of war from the United States in peacetime as well as in time of war, which was referred to the Committee on Foreign Relations.

Mr. LODGE presented a petition of sundry citizens of Dorchester, Mass., praying for the enactment of legislation to abolish the Federal Reserve System as at present constituted, and also praying that Congress exercise its constitutional right to coin money and regulate the value thereof, which was referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

Mr. WHITE, from the Committee on Commerce, submitted a report (No. 1079) to accompany the bill (S. 1273) to adopt regulations for preventing collisions at sea, heretofore reported by him from that committee with an amendment.

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (H. R. 7741) to amend the Adjusted Compensation Payment Act, 1936, to provide for the escheat to the United States of certain amounts, reported it without amendment and submitted a report (No. 1080) thereon.

Mr. KING, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 288) to permit articles imported from foreign countries for the purpose of exhibition at the New York World's Fair, 1939, New York City, N. Y., to be admitted without payment of tariff, and for other purposes, reported it without amendment and submitted a report (No. 1082) thereon.

Mr. WALSH, from the Committee on Finance, to which was referred the bill (H. R. 4543) to amend the Tariff Act of 1930 to exempt vessels arriving for the purpose of taking on ship's stores and certain sea stores from the requirement of formal entry, reported it without amendment and submitted a report (No. 1083) thereon.

Mr. GUFFEY, from the Committee on Finance, to which was referred the bill (H. R. 7949) to exempt State liquor-dispensing systems from the requirement of keeping certain records and rendering transcripts and summaries of entries with respect to distilled spirits, reported it without amendment and submitted a report (No. 1084) thereon.

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (H. R. 8025) to amend section 3528 of the Revised Statutes relating to the purchase of metal for minor coins of the United States, reported it without amendment.

Mr. SCHWARTZ, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 854. A bill for the relief of Robert Coates (Rept. No. 1085);

H. R. 2740. A bill for the relief of John N. Brooks (Rept. No. 1086);

H. R. 3058. A bill for the relief of former employees of the Federal Subsistence Homesteads Corporation (Rept. No. 1087); and

H. R. 4526. A bill for the relief of Lake Spence (Rept. No. 1088).

Mr. SCHWARTZ also, from the Committee on Claims, to which was referred the bill (S. 2644) for the relief of Sherm Sletholm, Loneata Sletholm, Lulu Yates, Madeline Yates, and the estate of Ella A. Morris, reported it with an amendment and submitted a report (No. 1089) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (H. R. 3426) for the relief of Rose McGirr, reported it without amendment and submitted a report (No. 1090) thereon.

He also, from the same committee, to which was referred the bill (H. R. 615) for the relief of Margaret Voorhees, a minor, reported it with an amendment and submitted a report (No. 1091) thereon.

He also, from the Committee on the Judiciary, to which was referred the bill (S. 1816) to amend section 77 of the Judicial Code, as amended, to create a Brunswick division in the southern district of Georgia, with terms of court to be held at Brunswick, reported it without amendment and submitted a report (No. 1120) thereon.

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 1375. A bill for the relief of Wayne M. Cotner (Rept. No. 1092); and

H. R. 4156. A bill for the relief of George R. Brown (Rept. No. 1093).

Mr. HUGHES also, from the Committee on the Judiciary, to which was referred the bill (H. R. 5963) providing for the establishment of a term of the District Court of the United States for the Northern District of New York at Malone, N. Y., reported it without amendment and submitted a report (No. 1122) thereon.

Mr. ELLENDER, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 1869. A bill for the relief of J. Roy Workman, Adelaide W. Workman, and J. Roy Workman, Jr., a minor (Rept. No. 1094); and

H. R. 3987. A bill for the relief of the estate of Col. C. J. Bartlett, United States Army (Rept. No. 1095).

Mr. SCHWELLENBACH, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2866. A bill for the relief of Vincent Ford (Rept. No. 1096);

H. R. 1207. A bill conferring jurisdiction upon the United States District Court for the Middle District of Georgia to hear, determine, and render judgment upon the claims of the estates of Marshall Campbell and Raymond O'Neal (Rept. No. 1097);

H. R. 1734. A bill for the relief of Sam Romack (Rept. No. 1098); and

H. R. 6059. A bill for the relief of Edith Jordan (Rept. No. 1099).

Mr. SCHWELLENBACH also, from the Committee on Claims, to which was referred the bill (S. 283) for the relief of Mrs. J. H. McClary, reported it with an amendment and submitted a report (No. 1100) thereon.

He also, from the same committee, to which was referred the bill (S. 2699) for the relief of Max D. Ordmann, reported it with amendments and submitted a report (No. 1101) thereon.

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 420. A bill for the relief of Marjorie L. Baxter (Rept. No. 1102);

H. R. 1355. A bill for the relief of Lawrence E. Thomas (Rept. No. 1103);

H. R. 1794. A bill for the relief of the estate of Marcellino M. Gilmette (Rept. No. 1104);

H. R. 3503. A bill for the relief of George O. Claypool (Rept. No. 1105);

H. R. 3745. A bill for the relief of W. H. Lenneville (Rept. No. 1106); and

H. R. 3750. A bill for the relief of Jack C. Allen (Rept. No. 1107).

Mr. BURKE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 1767. A bill for the relief of the Rowesville Oil Co. (Rept. No. 1108);

H. R. 1770. A bill for the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S. C. (Rept. No. 1109);

H. R. 1915. A bill for the relief of Charles Tabit (Rept. No. 1110);

H. R. 2488. A bill for the relief of A. H. Sphar (Rept. No. 1111); and

H. R. 3395. A bill for the relief of J. H. Knott (Rept. No. 1112).

Mr. BROWN of Michigan, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 886. A bill for the relief of Guideo Biscaro, Giovanni Polin, Spironello Antonio, Arturo Bettio, Carlo Biscaro, and Antonio Vannin (Rept. No. 1113);

H. R. 1690. A bill for the relief of Ralph Reisler (Rept. No. 1114);

H. R. 5229. A bill for the relief of Carson Bradford (Rept. No. 1115); and

H. R. 5622. A bill for the relief of Marian Malik (Rept. No. 1116).

Mr. BROWN of Michigan also, from the Committee on Claims, to which was referred the bill (S. 1346) for the relief of Stillwell Bros., Inc., reported it with an amendment and submitted a report (No. 1117) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 5859. A bill authorizing the Territory of Alaska to transfer a certain tract of land to Sitka Cold Storage Co., a corporation (Rept. No. 1118); and

H. R. 7727. A bill to authorize the administration of oaths by the chief clerk and the assistant chief clerk of the office of the United States High Commissioner to the Philippine Islands, and for other purposes (Rept. No. 1081).

Mr. DIETERICH, from the Committee on the Judiciary, to which was referred the joint resolution (H. J. Res. 284) authorizing the President of the United States of America to proclaim the 13th day of April of each year Thomas Jefferson's Birthday, reported it without amendment and submitted a report (No. 1119) thereon.

Mr. McGILL, from the Committee on the Judiciary, to which was referred the bill (S. 483) to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof, reported it without amendment and submitted a report (No. 1121) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2253) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims of whatsoever nature which the Indians of the Fort Hall Indian Reservation, in the State of Idaho, or any tribe, band, or group having members living thereon, may have against the United States, and for other purposes, reported it with amendments and submitted a report (No. 1123) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2053. A bill authorizing the establishment of a revolving loan fund for the Klamath Indians of Oregon, and for other purposes (Rept. No. 1124); and

S. 2054. A bill establishing per-diem payments in lieu of compensation and expenses for members of Klamath business committee and official Klamath delegates to Washington (Rept. No. 1125).

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2594) authorizing the President of the United States to summon Sam Alexander before an Army retiring board, and for other purposes, reported it without amendment and submitted a report (No. 1126) thereon.

REPORT ON TAX EVASION AND AVOIDANCE

Mr. HARRISON. Mr. President, pursuant to section 2 of Public Resolution No. 40 of the present Congress, I have the honor to submit a report from the Joint Committee on Tax Evasion and Avoidance. This report is quite voluminous. I may say that it is being presented to the House of Representatives today, and the Committee on Ways and Means of that body will take up immediately the report, with a bill, for consideration, expecting to pass the proposed legislation before the close of the present session of Congress. Of course, the Committee on Finance will seek immediately to take up the bill after it shall have passed the House. I am going to ask unanimous consent that the report be printed in the body of the CONGRESSIONAL RECORD, so that all may read it, and that it be referred to the Committee on Finance.

There being no objection, the report was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

LETTER OF SUBMITTAL

JOINT COMMITTEE ON TAX EVASION AND AVOIDANCE,
Washington, August 5, 1937.

The PRESIDENT OF THE SENATE.

SIR: Pursuant to section 2 of Public Resolution No. 40, Seventy-fifth Congress, I have the honor to submit a report by the Joint Committee on Tax Evasion and Avoidance.

Yours respectfully,

R. L. DOUGHTON,
Chairman, Joint Committee on Tax Evasion and Avoidance.

REPORT OF THE JOINT COMMITTEE ON TAX EVASION AND AVOIDANCE

To the Senate and House of Representatives of the United States of America in Congress assembled:

FOREWORD

On June 1, 1937, the President of the United States transmitted the following message to the Congress:

To the Congress of the United States:

A condition has been developing during the past few months so serious to the Nation that the Congress and the people are entitled to information about it.

The Secretary of the Treasury has given me a report of a preliminary study of income-tax returns for the calendar year 1936. This report reveals efforts at avoidance and evasion of tax liability so widespread and so amazing both in their boldness and their ingenuity that further action without delay seems imperative.

We face a challenge to the power of the Government to collect, uniformly, fairly, and without discrimination, taxes based on statutes adopted by the Congress.

Mr. Justice Holmes said, "Taxes are what we pay for civilized society." Too many individuals, however, want the civilization at a discount.

Methods of escape or intended escape from tax liability are many. Some are instances of avoidance which appear to have the color of legality; others are on the border line of legality; others are plainly contrary even to the letter of the law.

All are alike in that they are definitely contrary to the spirit of the law. All are alike in that they represent a determined effort on the part of those who use them to dodge the payment of taxes which Congress based on ability to pay. All are alike in that failure to pay results in shifting the tax load to the shoulders of others less able to pay, and in mulcting the Treasury of the Government's just due.

I commend to your attention the following letter from the Secretary of the Treasury:

THE SECRETARY OF THE TREASURY,
Washington, May 29, 1937.

MY DEAR MR. PRESIDENT: As you know, the Treasury was surprised and disturbed by the failure of the receipts from the income tax on March 15 to measure up to the Budget estimates. Therefore, we undertook an immediate investigation. Only a preliminary report can be made at this time, because the complete investigation covering all the income-tax returns filed will require the balance of this year. Furthermore, since many of the returns of large manufacturing corporations have not yet been filed, the present report is confined almost wholly to data disclosed by the individual tax returns.

But even this preliminary report discloses conditions so serious that immediate action is called for. More than the usual examination and audit by the Treasury are needed. It seems clear that if tax evasion and tax avoidance can be promptly stopped through legislation and regulations resulting from a special investigation a very large portion of the deficiency in revenues will be restored to the Treasury.

I herewith enumerate some of the principal devices now being employed by taxpayers with large incomes for the purpose of defeating the income taxes which would normally be payable by them. As we continue our preliminary examination other devices are being disclosed.

1. THE DEVICE OF EVADING TAXES BY SETTING OF FOREIGN PERSONAL HOLDING CORPORATIONS IN THE BAHAMAS, PANAMA, NEWFOUNDLAND, AND OTHER PLACES WHERE TAXES ARE LOW AND CORPORATION LAWS LAX

Americans have formed 64 such companies in the Bahamas alone in 1935 and 1936, and 22 more were organized by Americans in the Bahamas during the past 2 months. Panama and Newfoundland seem to be even more fertile territory, since their corporation laws make it more difficult to ascertain who the actual stockholders are. Moreover, the stockholders have resorted to all manner of devices to prevent the acquisition of information regarding their companies. The companies are frequently organized through foreign lawyers, with dummy incorporators and dummy directors, so that the names of the real parties in interest do not appear.

One American citizen with a $3,000,000 Bahamas corporation has apparently attempted to prevent the Bureau of Internal Revenue

from catching up with him by filing his individual tax returns in successive years from towns in New Brunswick, British Columbia, and Jamaica.

Another individual believes that he has been so successful in removing his assets from the United States to the Bahamas that he is defying the Treasury to collect a tax upon a $250,000 fee he has received; and by way of insult, he has offered to compromise his admitted tax liability of $33,000 for past years by a payment of $1,700.

Still another individual showed a large net loss on his personal return for 1936. In considerable part the loss was due to the large deduction he claims for interest on a loan made to him by his personal holding company. But the man in question is no object of charity, for his personal holding company, organized in Canada, had an income of over $1,500,000 from American dividends in 1936, though it has not yet filed a return.

Perhaps the most flagrant case of this character is that of a retired American Army officer with a large income from valuable American securities which he desires to sell at a very large profit. To escape our income- and inheritance-tax laws, he used the device of becoming a naturalized Canadian citizen, and 6 days later organized four Bahamas corporations to hold his securities. He and his lawyers apparently think that he can now sell his securities free from any taxes on his profits, since there are no income taxes in the Bahamas, and that he has adroitly escaped American taxes.

2. THE DEVICE OF FOREIGN INSURANCE COMPANIES

Two New York insurance agents have caused the organization of insurance companies in the Bahamas with a view to enabling taxpayers to secure spurious deductions for interest through an ingenious scheme for the issuance of life-insurance policies. Americans who went into the scheme purported to pay a large single premium for their policies, but immediately borrowed back practically the entire sum. Under the plan the so-called policyholders sought to obtain a large deduction for interest on this loan, although the fact was that no interest was really paid. By this means five prominent Americans sought to evade nearly $550,000 in income taxes in the years 1932 to 1936. This fraud was discovered by the Treasury's investigators and all of the taxpayers have now submitted offers to pay the full amount of taxes evaded, plus interest. Until our investigation is completed, we do not know how many similar companies may have been organized in other countries, and utilized by our citizens; nor do we yet know whether this newly invented type of fraud has other ramifications.

3. THE DEVICE OF DOMESTIC PERSONAL HOLDING COMPANIES

The rates of tax applicable to personal holding companies were reduced in 1936 at the time of the enactment of the undistributed-profits tax. It was believed at that time that the combined rates of the two taxes would be sufficient to insure the distribution of the entire incomes of these companies, and the consequent imposition of surtaxes upon their owners. This expectation has not been realized.

Thus, the single stockholder of one large personal holding company saved himself $322,000 by causing his company to distribute none of its income to him.

In another case, a man and his wife saved $791,000 through the use of personal holding companies in 1936.

In a third case, the personal holding company reported over $500,000 of net income but the total taxes paid by the two stockholders, husband and wife, were less than $60,000, due principally to credits for payments on indebtedness the holding company prudently incurred in accumulating properties for its owners. If the personal holding company had not been in existence, the stockholders would have paid over $200,000 additional income taxes.

Another favorite device is to organize a considerable number of personal holding companies, not only for the sake of reducing the tax but of increasing the Treasury's difficulties in auditing transactions between companies. At last accounts one man had caused to be set up some 96 companies scattered all over the country. Two other individuals were utilizing 23 personal holding companies.

4. THE DEVICE OF INCORPORATING YACHTS AND COUNTRY ESTATES

Many wealthy taxpayers today are dodging the express provisions of the law denying deductions for personal expenses by incorporating their yachts or their country estates, turning over to the yacht or to the estate securities yielding an income just sufficient to pay the entire expenses of operation. Hundreds of thousands of dollars in income taxes are annually avoided in this way.

Thus, one man's yacht is owned by his personal holding company, along with $3,000,000 in securities. He rents the yacht from his company for a sum far less than the cost of upkeep, and the company uses its income from the securities to pay the wages of the captain and crew, the expenses of operating the yacht, and an annual depreciation allowance. None of these items would be deductible if this individual owned the yacht personally.

A great many wealthy taxpayers are utilizing a similar arrangement for the operation of their country places and town houses.

One man has placed his $5,000,000 city residence in such a corporation; another, his racing stable, whose losses last year were nearly $200,000. The tax savings he thus sought to obtain through the use of the holding company were $140,000.

One wealthy woman has improved on the general plan of evasion by causing her personal holding company, which owns her country place, to employ her husband at a salary to manage it. She can thereby supply him with pocket money, and in effect claims a tax deduction for the expense of maintaining him.

5. THE DEVICE OF ARTIFICIAL DEDUCTIONS FOR INTEREST, LOSSES, ETC.

Taxpayers are seeking greatly to reduce their personal income taxes by claiming deductions for interest on loans to them by their personal holding companies, or on loans to them by their family trusts. These transactions normally have no business purpose but are merely an artificial means of shifting income from one member of the family subject to high surtax rates to another member of the family subject to lower rates.

Thus, one woman claims a large annual deduction for interest on a loan made to her by her husband as trustee of a trust which she created for their children. The mother thereby seeks to secure a deduction for her contribution to the children's support, and, since the trust is revocable by her husband, the parents still have the desired control over the property and its income.

In the same category are losses deducted by taxpayers who claim that their racing stables or hobby farms were operated for profit, even though a profit is never realized. Thus, a prominent manufacturer seeks a deduction of over $125,000 against his income from his business on account of his losses in operating a chicken farm.

6. THE DEVICE OF THE CREATION OF MULTIPLE TRUSTS FOR RELATIVES AND DEPENDENTS

Splitting income two ways, between husband and wife, reduces income taxes and leaves the family income intact. Splitting the family income many ways by means of many trusts, all for the same beneficiaries, may effect a much greater saving, while leaving the money actually in the same hands. For the creator of the trust often constitutes himself or his wife as trustee, and thus retains full control over the investment and disposition of the fund itself and of its income.

One thrifty taxpayer has formed 64 trusts for the benefit of four members of his immediate family, and thereby claims to have saved them over $485,000 in 1 year in taxes.

Another thrifty pair have constituted 40 trusts for their relatives, and a prominent lawyer and his wife utilize 16 trusts for the same purpose. The first pair maintains numbered brokerage accounts, and only at the end of the year are the beneficial owners identified. In this way innumerable transactions are carried on, often between accounts, which do not actually affect the beneficial interests of their owners but which are designed solely to reduce tax liability.

7. THE DEVICE OF HUSBAND AND WIFE OR FATHER AND CHILDREN PARTNERSHIPS

The purpose of these partnerships, like the multiple trusts, is to split the family income artificially into two parts; or, if the children are taken in, into still smaller fractions.

There are many instances of this kind; but to illustrate the point it is sufficient to cite the case of a New York brokerage firm which late in 1935 admitted into partnership the four minor children, two boys and two girls, of one of the partners. The tax saving he sought thereby in 1936 amounted to over $50,000.

8. THE DEVICE OF PENSION TRUSTS

For 10 years the revenue acts have sought to encourage pension trusts for aged employees by providing corporations with a special deduction on account of contributions thereto and exempting the trust itself from tax. Recently this exemption has been twisted into a means of tax avoidance by the creation of pension trusts which include as beneficiaries only small groups of officers and directors who are in the high-income brackets. In this fashion high-salaried officers seek to provide themselves with generous retiring allowances, while at the same time the corporation claims a deduction therefor, in the hope that the fund may accumulate income free from tax.

Thus, in one case $43,000 is annually appropriated by the corporation to a pension trust for the benefit of its two chief owners. One of the co-owners will retire at the age of 65 with a monthly pension of $1,725, and the other will retire at 60 with a monthly pension of $1,425.

These eight types of tax avoidance are sufficient to show that there is a well-defined purpose and practice on the part of some taxpayers to defeat the intent of Congress to tax incomes in accordance with ability to pay. In some cases the Bureau of Internal Revenue under existing law can establish a liability or, indeed, proceed on the ground of fraud; but many of these cases fall in the category of a legal though highly immoral avoidance of the intent of the law. It seems, therefore, that legislation should be passed at this session of the Congress in order to eliminate these loopholes which our preliminary investigation has proved, and that as a result of the further investigation this summer and autumn the next session of the Congress should finally close any further loopholes which may be discovered.

In addition to these cases of moral fraud, there are three other major instances in which the law itself permits individuals and corporations to avoid their equitable share of the tax burden.

1. PERCENTAGE DEPLETION

This is perhaps the most glaring loophole in our present revenue law. Since 1928 large oil and mining corporations have been entitled to deduct from 5 to 27½ percent of their gross income as an

allowance for the depletion of their mines or wells, and the deduction may be taken even though the cost of the property has been completely recovered. Thus, in 1936, one mining company deducted nearly $3,000,000 under this provision, although it had already completely recovered the cost of its property. The amount of the deduction was a sheer gift from the United States to this taxpayer and its stockholders, and the revenue that we lost thereby was $818,000. Similar annual losses of revenue in the cases of a few other typical companies are $584,000, $557,000, $512,000, $272,000, $267,000, $202,000, and $152,000. The estimated annual loss of revenue due to this source alone is about $75,000,000. I recommended in 1933 that this provision be eliminated, but nothing was done at that time; and it has since remained unchanged.

2. THE DIVISION OF INCOME BETWEEN HUSBAND AND WIFE IN THE EIGHT COMMUNITY-PROPERTY STATES

This is another major cause of revenue loss, which is unjustifiable because obtained at the expense of taxpayers in the 40 States which do not have community-property laws. A New York resident with a salary of $100,000 pays about $32,525 Federal income tax; a Californian with the same salary may cause one-half to be reported by his wife and the Federal income taxes payable by the two will be only $18,626. The total loss of revenue due to this unjustifiable discrimination against the residents of 40 States runs into the millions.

3. TAXATION OF NONRESIDENT ALIENS

The 1936 act eliminated the requirement that a nonresident alien (without United States office or business) should file a return; fixed the withholding rate for individuals at 10 percent; and freed the nonresident alien from taxation on American capital gains. Since the total Federal tax upon a citizen or resident amounts to 10 percent of his total net income at about $25,000 (in the case of a married individual with no dependents), the withholding rate has proved in practice to be too low as applied to wealthy nonresident alien individuals. There are a number of cases of nonresident aliens with large incomes from American trusts or with large American investments whose taxes have been cut to one-third or one-fifth of what they paid under the prior act.

Thus, one American woman who married an Englishman had an income from this country in 1935 of nearly $300,000. Her tax for 1936 will, therefore, be approximately $30,000 as against over $160,000 under the prior law.

Another American woman who married a Frenchman has an income of over $150,000 from American trusts, on which she paid a tax of about $55,000 in 1935. Her tax is reduced to about $15,000 by the 1936 law. Although the tightening of the withholding provisions in 1936 will tend to insure more revenue from nonresident aliens in the lower-income brackets, the present taxing provisions are not satisfactory as applied to nonresident aliens with incomes in the higher brackets.

The problem of tax avoidance is not new. The Congress devoted particular attention to it in 1933 and 1934, and by legislation effectively put a stop to many evasive devices discovered then as having been in use. The practices outlined above can and should be stopped in the same way.

In conclusion, I have two observations to make from the evidence before me. In the first place, the instances I have given above are disclosed by a quick check of comparatively few individual returns. As I have said before, most of the large corporation returns have not yet been filed. The general audit of 1936 returns is just beginning. Nevertheless, it is likely that the cases I have digested above are symptomatic of a large number of others, which will be disclosed by the usual careful audit.

In the second place, the ordinary salaried man and the small merchant does not resort to these or similar devices. The great bulk of our 5,500,000 returns are honestly made. Legalized avoidance or evasion by the so-called leaders of the business community is not only demoralizing to the revenues; it is demoralizing to those who practice it as well. It throws an additional burden of taxation upon the other members of the community who are less able to bear it, and who are already cheerfully bearing their fair share. The success of our revenue system depends equally upon fair administration by the Treasury, and upon completely honest returns by the taxpayer.

The disclosures are so serious that I recommend that authority be given to the Treasury Department with an adequate appropriation in order that a complete and immediate investigation may be conducted. The cost of such an investigation will be returned many times over to the Treasury of the United States.

Faithfully,

HENRY MORGENTHAU, Jr.

The PRESIDENT,
The White House.

A feeling of indignation on reading this letter will, I am confident, be yours, as it was mine.

What the facts set forth mean to me is that we have reached another major difficulty in the maintenance of the normal processes of our Government. We are trying harder than ever before to relieve suffering and want, to protect the weak, to curb avarice, to prevent booms and depressions, and to balance the Budget. Taxation necessary to these ends is the foundation of sound governmental finance. When our legitimate revenues are attacked, the whole structure of our Government is attacked. "Clever little schemes" are not admirable when they undermine the foundations of society.

The three great branches of the Government have a joint concern in this situation. First, it is the duty of the Congress to remove new loopholes devised by attorneys for clients willing to take an unethical advantage of society and their own Government. Second, it is the duty of the executive branch of the Government to collect taxes, to investigate fully all questionable cases, to prosecute where wrong has been done, and to make recommendations for closing loopholes. Third, it is the duty of the courts to give full consideration to the intent of the Congress in passing tax laws and to give full consideration to all evidence which points to an objective of evasion on the part of the taxpayer.

Very definitely, the issue immediately before us is the single one relating to the evasion or unethical avoidance of existing laws. That should be kept clearly in mind by the Congress and the public. Already efforts to befog this issue appear. Already certain newspaper publishers are seeking to make it appear, first, that if an individual can devise unanticipated methods to avoid taxes which the Congress intended him to pay, he is doing nothing unpatriotic or unethical; and, second, that because certain individuals do not approve of high income-tax brackets, or the undistributed-earnings tax, or the capital-gains tax, the first duty of the Congress should be the repeal or reduction of those taxes. In other words, not one but many red herrings are in preparation.

But it seems to me that the first duty of the Congress is to empower the Government to stop these evil practices, and that legislation to this end should not be confused with legislation to revise tax schedules. That is a wholly different subject.

In regard to that subject, I have already suggested to the Congress that at this session there should be no new taxes and no changes of rates. And I have indicated to the Congress that the Treasury will be prepared by next November to present to the appropriate committees information on the basis of which the Congress may, if it chooses, undertake revisions of the tax structure.

The long-term problem of tax policy is wholly separate from the immediate problem of glaring evasion and avoidance of existing law.

In this immediate problem the decency of American morals is involved.

The example of successful tax dodging by a minority of very rich individuals breeds efforts by other people to dodge other laws as well as tax laws.

It is also a matter of deep regret to know that lawyers of high standing at the bar not only have advised and are advising their clients to utilize tax-avoidance devices, but are actively using these devices in their own personal affairs. We hear too often from lawyers, as well as from their clients, the sentiment, "It is all right to do it if you can get away with it."

I am confident that the Congress will wish to enact legislation at this session specifically and exclusively aimed at making the present tax structure evasion-proof.

I am confident also that the Congress will give to the Treasury all authority necessary to expand and complete the present preliminary investigation, including, of course, full authority to summon witnesses and compel their testimony. The ramifications and the geographical scope of a complete investigation make it necessary to utilize every power of Government which can contribute to the end desired.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 1, 1937.*

In order promptly to consider and investigate the matters brought to the attention of the Congress by the above message, a joint resolution was introduced providing for the creation of a Joint Committee on Tax Evasion and Avoidance. This joint resolution became law on June 11, 1937. It provided for a joint committee to be composed of six Members of the Senate who are members of the Committee on Finance, and six Members of the House of Representatives who are members of the Committee on Ways and Means. The requisite powers were given the joint committee to hold hearings, to examine documents, and to take testimony. Power was also given the joint committee to examine income-tax returns and related matters. Section 2 of the joint resolution referred to makes it the duty of the joint committee "to investigate the methods of evasion and avoidance of income, estate, and gift taxes, pointed out in the message of the President transmitted to Congress on June 1, 1937, and other methods of tax evasion and avoidance, and to report to the Senate and the House, at the earliest practicable date, and from time to time thereafter, but not later than February 1, 1938, its recommendation as to remedies for the evils disclosed by such investigation."

The joint committee having considered the subject matter submitted to it submits the following report:

The committee has held public hearings, beginning on June 17, 1937. Since that date it has been almost continuously engaged in holding such hearings, or in considering the subject of tax evasion and avoidance in executive session. Because of lack of time, the committee has confined itself for the present to those subjects which may be directly classified under the head of evasion or avoidance, leaving out of account subjects such as community property or percentage depletion which will receive further consideration by the joint committee.

The committee, as a result of its investigations, believe it is imperative at this time that legislation should be enacted in regard to the following subjects, with respect to which it has been shown that certain serious loopholes exist:

1. Domestic personal holding companies.
2. Incorporated yachts, country estates, etc.
3. Incorporated talents.
4. Artificial deductions for losses from sales or exchanges of property.
5. Artificial deductions for interest and business expense.
6. Multiple trusts.
7. Foreign personal holding companies.
8. Nonresident aliens.

Detailed recommendations are made on these subjects in the body of this report. The committee has examined the problem of certain alleged tax-saving devices based on single premium life insurance policies issued by fake foreign insurance companies. The committee believes the existing law is adequate to reach these cases. The subject of pension trusts has been passed over for the present, because it does not appear to have resulted in much loss of revenue to date. However, this matter will be reported on later.

The printed record of the public hearings held by the committee amply sustains the statements made by the President of the United States in his message. The committee strongly urges that legislation along the lines recommended be enacted at the earliest possible moment in order to protect the revenue, and in order that all may bear their fair share of the tax burden. The detailed recommendations of the committee follow.

1. DOMESTIC PERSONAL HOLDING COMPANIES

The problem of the personal holding company has been one requiring the continued attention of the Congress beginning with the Revenue Act of 1913. All of the earlier revenue acts as well as the existing law contain provisions imposing additional taxes upon corporations organized or availed of for the purpose of preventing the imposition of the surtax upon the shareholders thereof. These provisions have proved difficult of enforcement due to the fact that it is necessary to prove a purpose to avoid the imposition of the surtax upon the shareholders.

In the Revenue Act of 1934 a limited class of companies, known as personal holding companies, were singled out for a special surtax on undistributed profits. Under that act, personal holding companies were defined as corporations, 80 percent of whose gross income for the taxable year was derived from royalties, dividends, interest, annuities, and gains from the sale of stock or securities, and whose stock to the extent of more than 50 percent in value was owned by not more than five individuals during the last half of the taxable year. In computing the number of individuals who owned such majority stock the act counted as one all members of the family in the direct line, as well as the spouse and brothers and sisters. The provisions of the Revenue Act of 1934 were continued in section 351 of the Revenue Act of 1936 with certain changes, the main change being in the rate structure. The advantage of this provision is that it is not necessary to prove a purpose to avoid surtaxes; if a corporation comes within the definition, the surtax automatically applies.

The provisions of section 351 have not entirely closed the loophole of accumulating surplus for the purpose of avoiding surtax. There are still a good many cases in which it is cheaper for an individual to accumulate income in a personal holding company, with no or very little distribution, than to cause a distribution of such income and pay surtaxes upon it. This is due mainly to the graduated rate schedule and the allowance of special cushions not granted to individuals or ordinary corporations. In an analysis of 4,457 personal holding companies' returns filed for the calendar year 1934 and the period from January to June 1935, an aggregate personal holding company net income of $53,000,000 was shown. Of the number of personal holding company returns filed only 374, or less than 9 percent, show taxable income under the surtax provisions of section 351. These 374 returns show a taxable income of only $5,000,000, or less than 10 percent of the total net income of the personal holding company group, and the taxes paid amounted to only $1,695,000, or about 3 percent of their aggregate net income. The remaining 4,083 personal holding companies paid no tax under section 351. However, the Treasury has made the following estimate as to the revenue yield of the present section 351, when dividend distributions are taken into account:

	Calendar-year liabilities	
	1934	1935
Personal holding company surtax	$1,800,000	$3,000,000
Estimated individual income-tax liability from extra dividends paid by personal holding companies	33,900,000	46,100,000
Total estimated tax due to sec. 351	35,700,000	49,100,000

In order that individuals may not take advantage of these personal holding company provisions so as to reduce their taxes, the committee recommends the following changes in section 351 of existing law:

1. It is recommended that the present deduction for taxes imposed by section 102 or a corresponding section of a prior income-tax law be eliminated. This deduction is now allowed under section 351 (b) (3) (A). Under existing law a corporate taxpayer may be subject for 1 year to the provisions of section 102 imposing a surtax on corporations improperly accumulating surplus and for another year to the tax on personal holding companies. It seems contrary to public policy to permit the penalty tax imposed by section 102 on undistributed profits to be allowed as a deduction for the purpose of the tax under section 351. Since the tax under section 102 is computed upon undistributed profits for back years, it is believed that it should be paid out of accumulated earnings and profits rather than out of the current earnings and profits of the corporation for the taxable year.

2. It is recommended that the unlimited deduction allowed under section 351 (b) (3) (B) for charitable and other like contributions be restricted so as not to exceed 15 percent of the net income of the corporation. Under existing law individuals are entitled to a deduction for charitable contributions only up to 15 percent of their companies should be treated more favorably than individuals in this net income, and the committee sees no reason why personal holding respect. However, the committee recommends the retention of the special provision inserted in section 351 (b) (3) (B) of the Revenue Act of 1936, which granted an unlimited deduction, in the case of a corporation organized prior to January 1, 1936, to take over the assets of the estate of a decedent, for amounts paid in liquidation of any liability of the corporation based upon the liability of the decedent to make a contribution or gift to charity, to the extent such liability of the decedent existed prior to January 1, 1934. The committee believes such retention is justified by the fact that this deduction will not inure to the benefit of any private individual.

3. It is recommended that the unlimited deduction for losses from sales or exchanges of capital assets be omitted from section 351. This deduction is contained in section 351 (b) (3) (C). Under existing law personal holding companies may deduct losses from the sale or exchange of capital assets without limitation for purposes of computing the surtax under section 351. If such losses were incurred by an individual, they would be allowable under existing law only to the extent of $2,000, plus the gains from such sales or exchanges. In other words, an individual is less favored in this respect than a personal holding company. The effect of this elimination will be to prevent an individual, by transferring his income-producing investments to a personal holding company, from obtaining the benefit of deducting capital net losses denied to him as an individual.

4. It is also recommended that the 20-percent deduction allowed under section 351 (b) (2) (A) of existing law be eliminated. The existing law allows personal holding companies a special deduction of 20 percent of the excess of the adjusted net income over the amount of dividends received from other personal holding companies. For example, if the adjusted net income of a personal holding company in excess of dividends received from other personal holding companies is $20,000,000, 20 percent or one-fifth of this amount, namely, $4,000,000, may be accumulated without the payment of any personal holding company surtax whatever. The committee sees no reason for continuing this discrimination in favor of personal holding companies.

5. The committee also recommends the elimination of the deduction allowed personal holding companies for amounts used or set aside to retire indebtedness incurred prior to January 1, 1934. This deduction is contained in section 351 (b) (2) (B) of the Revenue Act of 1936. As a result of this deduction many personal holding companies have been able to escape the surtax under section 351 altogether. The committee is of the opinion that this special relief granted to personal holding corporations and denied to individuals should no longer be continued in the statute.

In referring to the deductions for capital losses, for debt retirement, and the 20-percent exemption mentioned above, the Treasury estimates that these three items alone resulted in a loss of revenue for the year 1936 of $9,237,000.

6. In order for a corporation to be a personal holding company, one of the conditions imposed by existing law is that at least 80 percent of its gross income for the taxable year must be derived from royalties, dividends, interest, annuities, and, except in the case of regular dealers in securities, gains upon the sale of stocks or securities. The existing law excluded from this classification rents, mainly for the reason that it was not desired to interfere with bona fide and legitimate operating companies whose business consisted of the ownership and operation of office buildings, apartment houses, etc. However, it is believed that the entire exemption of rents from this classification has permitted certain personal holding companies which are not bona-fide operating companies to escape their just share of the tax burden. To prevent certain holding companies which are not bona-fide operating companies from taking advantage of this exception and to protect legitimate operating companies, the committee recommends that rents be included for the purpose of this classification unless they constitute 50 percent or more of the gross income of the corporation. This will prevent a corporation from getting out of section 351 by investing just enough in rents, say, 21 percent, and still deriving the remainder of its income from dividends, interest, etc. On the other hand, it will protect the bona-fide real-estate corporation and other corporations renting property and deriving 50 percent or more of their gross income from rents.

7. The next recommendation of the committee is to include in gross income, for the purpose of determining whether a corporation should be classified as a personal holding company, income received by a corporation from an estate or trust, as well as gains from the sale or other disposition of any interest of the corporation in an estate or trust. It is possible that the existing law might be circumvented by interposing trusts between the payer of the

investment income and the personal holding company. Under such circumstances it might be contended that the personal holding company was not receiving income from dividends, interest, etc., but was receiving distributions as the beneficiary of the trust, and that such income lost its identity as interest, dividends, etc., in the hands of the corporate beneficiary. The committee, in order to overcome this contention, recommends that such income, including gains from the sale or other disposition of any interest of a corporation in an estate or trust, should be included in determining whether the corporate beneficiary is a personal holding company.

8. The next change suggested by the committee is purely a clarifying one. In classifying the sources of income for the purpose of determining whether a corporation is a personal holding company the law includes gains from the sale of stocks or securities. It is believed that this provision should be amended so as to make it clear that such language also embraces the gains from the exchange of stocks and securities as well as gains from the sale of stocks and securities.

9. In classifying the sources of income for the purpose of determining whether a corporation is a personal holding company the committee also believes that there should be included gains from futures transactions in commodities on boards of trade, and exchanges, with an exemption of gains on bona-fide hedging transactions in the case of corporations engaged in good faith in producing, processing, merchandising, or handling such commodities. In a case brought to the attention of the committee it was shown that a corporation had attempted to avoid this section by deriving 23 percent of its gross income from gains from speculations in commodities and still derive the remainder of its income, namely, 77 percent, from investment sources. The recommendation of the committee would remove this loophole.

10. The committee recommends that section 351 be amended to provide that if in any taxable year the gross income derived from interest, dividends, etc., equals 80 percent or more of the total gross income of the personal holding company, the gross-income test under section 351 for subsequent years shall be 70 percent of such investment income, instead of 80 percent, until a year for which the stock-ownership test does not exist, or until for each of 3 consecutive years, such investment income falls below the 70-percent mark. The reason for this amendment is that it is believed that if a corporation once becomes a personal holding company it should stay in that class until there has been a sufficient change in the sources of its gross income to warrant taking it out or until it ceases to satisfy the stock-ownership test.

11. The committee also recommends that convertible securities be included for the purpose of determining whether the stock of a corporation is owned by five or less individuals. It appears that the real owners of certain of these incorporated pocketbooks may own bonds or debentures which contain provisions under which the obligations may be converted into stock. In such cases it might be possible for the stock to be held by more than five individuals and at the same time have the interest of the real owner represented by convertible securities. It is believed that this existing loophole in section 351 should be closed in the manner recommended above and that the suggested provision should be applied in such manner as to produce the smallest possible number of individuals owning directly or indirectly more than 50 percent in value of the outstanding stock.

12. A similar situation exists in the case of options. The record ownership of the stock may be split up among more than five individuals, but less than five individuals may have an option to acquire the stock at any time they desire. The committee believes that this situation should also be corrected by providing that in the case of an option to acquire stock such stock may be considered as being owned exclusively by the holder of the option or the owner of the stock, and this rule likewise should be applied in such manner as to produce the smallest possible number of individuals owning directly or indirectly more than 50 percent in value of the outstanding stock.

13. The committee also recommends that in determining the ownership of stock by an individual there should be included the stock owned by a partner of such individual. Cases have been presented wherein five individuals may own 46 percent in value of the stock of the corporation and a partner of one of these individuals owns 5 percent. Under existing law, a corporation of this type would not be classed as a personal holding company. The committee believes the close business relationship existing between members of a partnership justifies adding partners to the class of individuals mentioned.

14. The graduated rates of existing law open two serious loopholes. First, the fact that graduated rates are less severe than the graduated rates applicable to wealthy individuals enables such persons to effect substantial savings by use of the personal holding-company device. Second, the graduated rates in the low brackets permit further saving through organization of multiple personal holding companies. The committee believes that the rates should be such as would encourage distribution in all cases. To overcome this tax advantage enjoyed through the formation of multiple personal holding companies, the committee recommends that the rates under existing law, which range from 8 percent on the first $2,000 up to 48 percent, be changed so as to provide a 65-percent rate upon the amount of the undistributed adjusted net income not in excess of $2,000 and 75 percent of the amount in excess of $2,000. No low minimum rate can be provided without enabling wealthy individuals to escape substantial taxes through the formation of multiple personal holding companies.

2. INCORPORATION OF YACHTS, COUNTRY ESTATES, ETC.

Increased use is being made of the device of incorporating yachts, city residences, country estates, etc., in order to avoid taxation of income at the rates prescribed in the higher individual surtax brackets or to obtain the benefit of deducting as corporation expenditures items not allowed to individuals, or both. The cases presented to the committee indicate that the plan in general consists of the transfer of the yacht or the real estate to a corporation for stock, or as paid-in surplus, or the yacht or real estate is purchased with cash provided by the stockholders. Securities, producing sufficient income to absorb corporate expenditures, are then turned over to the corporation for stock or as paid-in surplus. To lend color to the alleged business activity and to bring the corporation's gross income outside of the provisions of section 351 of the existing law, the corporation charges its principal stockholder some rent for the use of the yacht or real estate. The rent paid is usually much below the cost of the operation of the property and much below the amount which would be charged in an arm's length transaction. Since all expenses and losses of the corporation are claimed as deductions in computing the income of the corporation, a large part of the investment income is absorbed by expenses and losses incurred in the operation of the yacht or the real property. Since rents are not now included for the purpose of determining whether or not a corporation is a personal holding company, the taxpayer may also fix the amount of the rent for the yacht or real estate in an amount sufficient to bring his other investment income below the 80-percent test required under section 351 of existing law.

The committee finds no justification for permitting such tax advantage to these self-incorporated individuals. It is, therefore, suggested that the definition of personal holding company be so framed as to include in the 80-percent test the full amount received as rent or other compensation for the use of property by a corporation from any individual (whether a shareholder or not), who, together with his family and partners owns (directly or indirectly) 25 percent or more in the value of the securities which constitute "outstanding stock."

The committee also recommend that there should be disallowed as a deduction from gross income, the expenses of operation and maintenance (including depreciation) of property owned or operated by a personal holding company to the extent that expenses exceed the rent or other compensation for the use of such property, unless it is established to the satisfaction of the Commissioner.

(A) That the rent or other compensation received is the highest obtainable;

(B) That the property was held in the course of business carried on bona fide for profit; and

(C) That there was reasonable expectation that the operation of the property would result in a profit, or that such property was necessary to the conduct of the business.

To prevent a personal holding company from charging expenses in excess of its income for the operation and maintenance of property, such as yachts, city residences, and country estates, etc., against its investment income, such expenses should be disallowed unless the corporation can meet the conditions outlined above. This has the effect of placing the personal holding company on the same basis, in this respect, as an individual who cannot offset his personal expenses against his income. If the corporation establishes to the satisfaction of the commissioner that the second test is satisfied and that the property was necessary to the conduct of such business, it will not be necessary to prove there was reasonable expectation that the operation of the property would result in a profit, in order to obtain a full deduction.

This provision would not apply to a farm or a racing stable operated by the corporation itself where more than 20 percent of the gross income of such corporation came from such operations. This is because the corporation must first be a personal holding company before this provision will apply. Moreover, even if such a corporation is a personal holding company because more than 80 percent of its income comes from investment sources, it will still have the opportunity of escaping this provision by establishing that the property was held in the course of a bona-fide business carried on for profit and that such property was necessary for the conduct of the business. Even where an investment corporation is running a yacht, city residence, or country estate on the side, it is, nevertheless, recognized that certain property may be necessary for the conduct of its investment business, such as typewriters, office furniture, automobiles, and the like. Expenses attributable to such property would satisfy the third test.

3. INCORPORATED TALENTS

Cases presented to the committee showed that individuals organized corporations for the purpose of hiring out their personal services at a substantial increase over the amount of compensation such principal stockholders contracted for with their corporations. Since such corporations do not come within section 351 of the existing law, the excess compensation retained by the corporation is taxed at lower rates than would be applicable to such excess income in the hands of the individuals who performed the services. The committee believes this device constitutes a serious loophole in the existing law and recommends that the definition of "personal holding company" in section 351 of the existing law be amended so as to include, in applying the 80-percent test, the full amount

received by the corporation from contracts for personal services (including gain from the sale or other disposition thereof) of any individual (whether or not a shareholder), who, together with his family and partner, owns (directly or indirectly) 25 percent or more in value of the securities which constitute "outstanding stock." The definition of the term "contract for personal services" should include the condition that a party other than the personal corporation has the right to designate the individual who is to perform the services. Someone, for example, such as an actor or artist, with more or less unique talents, incorporates himself and draws a salary from the corporation. The corporation contracts out his service with a third party and the difference between the amount paid to the individual as salary and the amount received from the third party is accumulated by the corporation.

Because of the condition in the contract for personal services that a party other than the corporation must have the right to designate the individual who is to perform the services, in order for this provision to apply, it would not apply to all cases where the corporation is hiring out its employees to third parties. Its application would be limited to cases in which such other party has the right under the contract to designate the individual who is to perform the service and where the individual so designated, with members of his family, own 25 percent or more in value of the securities which constitute "outstanding stock."

4. ARTIFICIAL DEDUCTIONS FOR LOSSES FROM SALES OR EXCHANGES OF PROPERTY, SECTION 24 (a) (6)

(a) There is a provision in existing law which denies losses in the case of sales or exchanges of property between members of a family or between a shareholder and a corporation in which such shareholder owns more than 50 percent in value of the outstanding stock. However, the existing law permits losses to be established through the sale or exchange of capital assets between a personal holding corporation and another corporation, even where both corporations are under common control, thereby permitting an advantage to be taken of any adverse change in the market price without an actual transfer of the assets into other hands. To correct this situation the committee recommends that losses be disallowed between two corporations if more than 50 percent in value of the outstanding stock of both is owned by the same individual (or members of his family) and if either one of the corporations for the preceding taxable year met the gross income test of a domestic personal holding company and during the last half of such taxable year met the stock ownership test of a domestic personal holding company, or either one of the corporations for the preceding taxable year met the gross income test of a foreign personal holding company and at any time during such year met the stock ownership test of a foreign personal holding company.

(b) Under existing law losses on sales and exchanges between an individual and his partner's corporation are allowed as deductions even though the individual himself may own some stock in the corporation. Because of the close relationship existing between partners, your committee recommends that losses should be disallowed between an individual and his partner's corporation if such individual owns stock in such corporation.

(c) The committee recommends that the existing law be clarified to confirm the Treasury's position that losses, for example, between a husband and his wife's corporation, or vice versa, whether or not he owns any stock in such corporation should not be deductible.

(d) The committee also recommends that losses between the settlor of a trust and the fiduciary of any trust created by the settlor should be disallowed. It has been the practice even in the case of irrevocable trusts for settlors of the trusts to shuffle back and forth between themselves and the trustees securities to establish losses even though they retained practical control over the trust.

(e) For the same reasons, the committee also recommends that losses should be disallowed between fiduciaries of any trusts created by a common settlor.

(f) The committee also recommends that losses should be disallowed between a fiduciary of a trust and any beneficiary thereof. In some cases it has developed that the trustee has sold securities to the beneficiary at a loss. The trustee has then taken advantage of this loss to offset the gain from other securities which has resulted to the direct benefit of the beneficiary, notwithstanding the fact that he still retains the securities in his possession.

(g) The committee also recommends that an individual owning stock in a corporation should be considered as owning, to the exclusion of any other individual, the stock owned by his partner for the purpose of denying losses from sales or exchanges of property. For instance, A may own 45 percent of the stock of a corporation and his partner own 6 percent of that stock. Although together they own more than 50 percent of the stock of the corporation, the existing law would permit A to take a loss for the securities transferred to the corporation. The committee's recommendation would prevent the deduction of a loss in such a case.

(h) The committee also recommends that section 24 (a) (6) of existing law be amended to include a provision similar to that contained in section 351 providing that the stock owned by a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or other beneficiaries. For example, A, who owns 45 percent of the stock of corporation X, may also own 50 percent of the stock of corporation Y, which in turn owns 25 percent of the stock of corporation X. If you look through corporation Y, you find that A, through his ownership of stock in corporation Y, really owns indirectly 12½ percent of the stock of corporation X, in addition to his direct ownership of 45 percent of stock in corporation X. Adding A's direct as well as his indirect ownership in corporation X together, we find that he owns more than 51 percent of the stock of corporation X. Therefore, under the committee's recommendation, A would not be allowed to deduct a loss on the sale or exchange of property to corporation X.

5. ARTIFICIAL DEDUCTIONS FOR INTEREST AND BUSINESS EXPENSE

The committee had presented to it certain cases wherein individuals were indebted to each other or corporations were indebted to the principal stockholders. In fact, it was pointed out that personal holding companies were being utilized for the purpose of establishing artificial deductions. The sole stockholder (or a member of his family) of a personal holding corporation borrowed all or a major part of its annual net income and paid interest thereon. In such cases the debtor kept his books and tax returns on the accrual basis and claimed as deductions the accrued interest. On the other hand, the creditor who was entitled to such payments, if he were on the cash-receipts basis, would not be required to report for income-tax purposes the amount owing to him until actual receipt of the money. Under such circumstances the discharge of the debt may be postponed for an unreasonable length of time with the result that the Government is delayed in getting its tax and in many cases the payments fall in a year of no income, with the result that little or no tax is paid. The committee believes that such practices between individuals of a family or between corporations under common control should be dealt with in such a manner as to encourage reasonably prompt discharge of such obligations.

It is, therefore, recommended that in the case of a transaction between persons, who under section 24 (a) (6) are not permitted a deduction for loss from sale or exchange of property, where the debtor makes his return on the accrual basis and the creditor makes his return on the cash basis, deductions under section 23 (a) (expenses) and under section 23 (b) (interest) accrued by the debtor within the taxable year but not paid within 2½ months after the close of the taxable year should be disallowed.

This proposal should serve to stimulate reasonably prompt payment of such accrued expenses in order that the debtor may secure the allowance of the deduction. No hardship should result from the requirement that the amount be paid within 2½ months after the close of the year of accrual, since expenses of this nature usually should be paid within that time in the ordinary course of business. While this restriction would be applicable only to individuals and corporations in relationships covered by section 24 (a) (6), this class represents the worst offenders in the use of this loophole.

6. MULTIPLE TRUSTS

The committee has given careful consideration to the question of avoidance of taxes through the use of multiple trusts to accumulate income. It is recommended that in the case of all trusts for accumulation, the $1,000 exemption granted under existing law be repealed. This will prevent many of these trusts from escaping tax entirely. For example, if an individual forms 50 trusts each of which has an income of $1,000 a year to be accumulated, under existing law no income tax is paid. Under the committee's proposal, the whole $50,000 would be subject to some tax. This may not be the best remedy for the situation, and this question will receive further consideration by the committee. It should be noted that the elimination of the $1,000 exemption would not affect trusts which distribute their income, since such trusts are not taxable and the beneficiaries have the right to a personal exemption under existing law.

7. FOREIGN PERSONAL HOLDING COMPANIES

The testimony taken by the committee has shown that foreign personal holding companies are being utilized by citizens and residents of the United States as a device for tax-avoidance purposes. Income which otherwise would be subjected to the Federal income taxes is being diverted to, and accumulated by, such companies in order that the American shareholders may escape being taxed thereon. Because of the jurisdictional difficulties and the difficulties of collection of taxes involved in reaching these foreign entities, they present a distinct problem. While the provisions of sections 351 and 102 of the present law, which impose surtaxes on the undistributed profits of corporations, by their terms apply to foreign as well as to domestic corporations, it appears necessary for the protection of the revenue that a separate method of taxation be provided for with respect to certain types of foreign personal holding companies.

Although in most cases the foreign personal holding company is effectively beyond the jurisdiction of the United States, the shareholders of such corporation who are American citizens or residents are within such jurisdiction. Consequently it has been concluded by the committee that a method of handling this situation should be devised whereby the income of foreign personal holding companies might be taxed to the shareholders pro rata whether such income was actually distributed to them or not. The fiscal authorities in other countries where income taxes are imposed have been faced with a similar problem as to the taxation of foreign personal holding companies and Canada has now in effect a provision which in principle accords with the committee's proposal.

The committee's recommendation in general is that the undistributed part of a foreign personal holding company's net income should be included in the gross income of the American citizen or resident, just as if such undistributed income had actually been distributed. Provision has been made so that such income would not be again subject to tax when actually distributed.

This proposal recommends a method of taxation which is a departure from any previously used with respect to corporate income. The committee feels, however, that this innovation is necessary to protect the revenue and prevent further use of one of the most glaring loopholes now existing. The proposal would affect only foreign corporations which are owned 50 percent or more by five American citizens or residents (including members of their families) and which have the same type of investment income which makes a domestic corporation subject to tax as a personal holding company. Real foreign operating companies or widely held holding companies are not included. However, it should be observed that a few foreign corporations, not subject to these recommendations in respect to foreign personal holding companies, may fall under section 102 or section 351. The committee believes that the recommendation is not any more drastic than the situation requires. The detailed recommendations of the committee follow:

1. The undistributed adjusted net income of the foreign personal holding company for its entire taxable year should be included in the gross income of the American shareholders, (that is, United States citizens, resident aliens, resident estates or trusts, domestic partnerships, and domestic corporations) to the following extent:

(A) If the corporation constitutes a foreign personal holding company on the last day of its taxable year, then each American shareholder should include in his gross income the amount he would have received if the entire undistributed adjusted net income had been distributed by the corporation on such day; but

(B) If the last day on which the corporation constitutes a foreign personal holding company falls within and not at the end of its taxable year, then only that proportion of the undistributed adjusted net income for the entire taxable year equal to the portion of the taxable year up to such last day should be included in their gross income by the American shareholders as though distributed by the corporation on such last day.

In every case the American shareholder should include his distributive share of the undistributed adjusted net income of the corporation in his gross income for his taxable year in which or with which the taxable year of the corporation ends.

2. The undistributed adjusted net income should be computed by deducting from the adjusted net income the dividends-paid credit allowed under section 27 of the Revenue Act of 1936, computed, however, without the benefit of subsection (b) thereof, which relates to the dividend carry-over.

3. The adjusted net income should be computed by deducting from the net-income Federal income taxes paid or accrued under section 231 of the present law with respect to the taxable year.

4. The net income of a foreign personal holding company should be computed, not in the manner provided for in supplement "I" relating to foreign corporations, but in the same manner, and on the same basis, as the net income of a domestic corporation except that:

(A) The gross income should include the distributive share of the undistributed adjusted net income of any other foreign personal holding company in which the corporation owns stock. This provision is necessary in order to reach income being accumulated by a chain of two or more foreign personal holding companies.

(B) The deductions permitted under section 23 (d) (relating to taxes of a shareholder paid by a corporation) and section 23 (p) (relating to pension trusts) should not apply.

(C) Deductions for the maintenance and operation of yachts, residences, and country estates should be limited as proposed in respect to domestic personal holding companies.

It should be noted that the effect of recommendation number 4 would be to include in the net income of foreign personal holding companies interest received by them on obligations of the United States.

5. The entire undistributed adjusted net income of a foreign personal holding company for a taxable year with respect to which the American shareholders are required to return their distributive shares should be treated as paid-in surplus of the corporation. This rule is necessary to permit tax-free distribution of amounts returned by the shareholders as constructive dividends. By treating such income as paid-in surplus the subsequent distribution is not made out of earnings and profits so as to constitute a taxable dividend. Since the present law provides that all distributions are made out of earnings and profits to the extent available, the recommended rule would operate to require the corporation to distribute all of its accumulated earnings before it can make a tax-free distribution to the shareholders of the undistributed adjusted net income previously included in their returns.

6. The American shareholders should not be allowed any credit against their Federal income taxes for foreign income taxes, if any, paid by the foreign personal holding company in respect to the undistributed adjusted net income returned by them. The allowance of such credit is not administratively feasible although it might seem equitable under the circumstances. However, it should be noted that in computing the net income of the corporation a deduction for foreign taxes will be allowed to the same extent as in the case of a domestic corporation which claims no foreign tax credit.

7. It is recommended that a foreign personal holding company be defined in substantially the same manner as a domestic personal holding company is defined in section 351 of the existing law, with the following changes:

(A) Eliminate the exemption of banks, life-insurance companies, and surety companies, and provide that the five or less individuals must be American citizens or residents.

(B) In the gross-income test: (1) Change the minimum requirement to 60 percent; (2) do not limit gross income to gross income from sources within the United States; (3) include rents the same as proposed in the case of domestic personal holding companies; (4) include the same provisions with respect to incorporated yachts, country estates, etc., and incorporated talents as proposed in the case of domestic personal holding companies; (5) include income from estates or trusts and gains from the exchange of stock or securities the same as proposed in the case of domestic personal holding companies; (6) include gains from future transactions on boards of trade or commodity exchanges as proposed in the case of domestic personal holding companies; (7) include in the gross income of the corporation its pro-rata share of the undistributed net income of any other foreign personal holding company in which it holds stock; (8) provide that, if in any taxable year the gross income from the items mentioned equals 60 percent or more of the total gross income of the corporation, the gross-income test for subsequent years should be 50 percent until for each of 3 consecutive years it falls below 50 percent, or the corporation ceases to qualify under the stock-ownership test.

(C) In the stock-ownership test: (1) Include convertible securities and options the same as proposed in the case of domestic personal holding companies; (2) provide that in determining ownership of stock owned by an individual stock owned by a partner of such individual should be included; (3) make the test apply to any time during the taxable year.

8. It is further recommended that a 7-year statute of limitations on assessment and collection without assessment be provided to apply where the American shareholder fails to include in his gross income his distributive share of the undistributed adjusted net income of the corporation.

OBTAINING INFORMATION RELATING TO FOREIGN PERSONAL HOLDING COMPANIES

It is difficult to secure complete information with respect to foreign personal holding companies formed by American citizens or residents due to the lack of effective jurisdiction over such companies. In order to make the new method of taxation in respect of foreign personal holding companies effective, it is necessary to give the Treasury the power to require certain information from American citizens, residents, and other American entities, with respect to the formation, organization, or reorganization of foreign corporations generally and also information as to the income, stock holdings, etc., of foreign corporations which are personal holding companies. It is the understanding of the committee that under the authority contained in sections 51, 52, 142, and 187 of the Revenue Act of 1936 the Treasury will require each person filing income-tax returns to set forth his ownership of stock in foreign corporations. Additional statutory authority is believed necessary, and the committee makes the following recommendations:

1. It is recommended that every person who, on or after the enactment of the proposed act, is an officer or director of a foreign personal holding company and every American shareholder who owns 50 percent or more of its stock, directly or indirectly (including, in the case of an individual, the members of his family), should, under regulations prescribed by the Commissioner with the approval of the Secretary, and with respect to the period he holds such office, or retains such ownership, be required to file returns under oath monthly or at such other times as may be required by regulations, showing the name and address of each shareholder and class and number of shares held by each in such foreign personal holding company, together with any changes in stock holdings during such period, and the name and address of each holder of a security convertible into stock of such company, which the Commissioner under regulations approved by the Secretary of the Treasury prescribes as necessary for carrying out the provisions of the proposed legislation. It is recommended that this information be required if the company would have been a foreign personal holding company for the preceding year or for the taxable year beginning in 1936, if the proposed act had then been in force and effect, or if such person has reason to believe it will be a foreign personal holding company at any time during the current taxable year.

2. It is recommended that criminal penalties be imposed for willful failure to file the statement required in the preceding paragraph of a fine of $2,000 or imprisonment for 1 year or both.

3. It is recommended that an American shareholder owning 5 percent or more of the stock of a foreign personal holding company be required to set forth in complete detail in his tax return the gross income, deductions and credits, net income, adjusted net income and undistributed adjusted net income of such company.

4. It is recommended that, under rules and regulations prescribed by the Commissioner with the approval of the Secretary, returns under oath be required to be filed by any persons who, after the enactment of the proposed act, aid, assist, counsel, or

advise in, or with respect to, the formation, organization, or reorganization of any foreign corporation, which returns should contain such information as the Commissioner with the approval of the Secretary by rules and regulations prescribes as necessary for carrying out the provisions of the act. Such returns should be required to be filed monthly or at such other times as the Commissioner with the approval of the Secretary may by rules and regulations prescribe. This information is essential in order to ascertain those persons seeking to utilize the device of the foreign personal holding company. For obvious reasons, however, the requirement should not be limited to cases of foreign personal holding companies.

5. It is recommended that, under rules and regulations prescribed by the Commissioner with the approval of the Secretary, a return under oath be required to be filed within 90 days after the enactment of the proposed act by every person who, since January 1, 1934, and prior to 90 days after the enactment of the act, has aided, assisted, counseled, or advised in the formation, organization, or reorganization of a foreign corporation, which return should contain such information as the Commissioner with the approval of the Secretary, by rules and regulations, prescribes as necessary for carrying out the provisions of the act.

This information is necessary to ascertain those persons who have actually utilized the device of the foreign personal holding company. For obvious reasons, however, it should not be limited to the case of foreign personal holding companies. The date of January 1, 1934, is taken because it coincides with the effective date of the original provision imposing a surtax on personal holding companies.

6. It is recommended that criminal penalties be imposed for willful failure to file complete and accurate returns required by the two preceding paragraphs of a fine of $2,000 or imprisonment for 1 year or both.

ADDITIONAL LEGISLATION RELATING TO FOREIGN PERSONAL HOLDING COMPANIES

There appears to be no justification for the continued existence of foreign personal holding companies owned by American citizens or residents and it is believed that practically all of such companies have been created with the sole purpose of avoiding or evading the imposition of the surtax on their shareholders. It is believed as a matter of fiscal policy that the dissolution of such companies should be effected as promptly as possible and the committee accordingly makes the following additional recommendations to encourage such dissolution:

1. It is recommended that in the case of liquidation of any foreign personal holding company wherein the distribution of assets and dissolution of the corporation is not completed on or before December 31, 1937, notwithstanding the provisions of section 117 (a), 100 percent of the gains recognized on such liquidation should be taken into account in computing net income except that if evidence is submitted to the Commissioner prior to January 1, 1938, which establishes to his satisfaction that due to the laws of the foreign country in which it is incorporated, or for other reason, it is impossible to distribute the assets and complete the dissolution on or before December 31, 1937, the Commissioner should be authorized to extend such period to not later than June 30, 1938. Under existing law it is possible for as little as 30 percent of the gain to be taken into account in computing net income.

2. It is recommended that in the case of any person dying after the enactment of this proposed act owning stock or securities of any corporation which for its taxable year preceding his death met the gross-income test of a foreign personal holding company and at any time during such year met the stock-ownership test of a foreign personal holding company, the basis of the stock or securities acquired by the decedent's estate from the decedent or acquired by others from the decedent by bequest, devise, or inheritance should, not withstanding the provisions of sections 113 (a), be (1) the fair market value of such stock or securities at the time of such acquisition or (2) the same as it would be in the hands of the decedent, whichever is lower.

3. It is the intention of the committee to consider measures for the treatment in the case of sale or exchange after December 31, 1937, of stock or securities of such corporations as foreign personal holding companies in such manner as to obviate the possibility of such sale or exchange under such circumstances or through such devices as to obtain the advantage of section 117 (a), and to recommend thereon at a later date.

4. The committee has made the recommendations above for additional legislation to prevent the use of foreign personal holding companies by American citizens and residents as devices for the evasion and avoidance of Federal income taxes and to encourage the prompt dissolution of existing companies of this type. The committee believes that these recommendations, if adopted, will contribute greatly to the attainment of these ends. It also recognizes the complex character of the problem and the difficulty of framing a tax law which is proof against all the varied and complicated devices involving the use of foreign entities which legal ingenuity may evolve in the future. The committee is therefore of the view that it should continue its study of this problem and should consider other and additional measures which may be feasible for preventing the use of spurious foreign entities to thwart the intent and purposes of the revenue laws. Accordingly, it is the intention of the committee to consider possible measures for the creation of administrative and judicial procedure, including criminal penalties, to prevent the formation and compel the dissolution of artificial foreign entities availed of by American citizens or residents to evade or avoid Federal income taxes and to make recommendations at a later date with respect thereto.

NONRESIDENT ALIENS

Section 211 (a) of the Revenue Act of 1936 imposes a tax on nonresident aliens not engaged in trade or business in the United States and not having an office or place of business therein at the rate of 10 percent upon their income from interest, dividends, rents, wages, and salaries, and other fixed and determinable income from sources within the United States, with no allowance for the deductions from gross income and credits against net income allowed to individuals subject to normal and surtax on net income. In the case of a resident of a contiguous country the existing law provides that such rate may be reduced to not less than 5 percent, as may be provided by treaty with such country. This flat tax, which is in effect imposed upon gross income, is in the usual case collected at the source by means of withholding, and has worked well, both from an administrative and revenue standpoint. The additional revenue derived is estimated to be not less than $15,000,000 per annum. However, evidence presented to the committee discloses that certain wealthy nonresident aliens have had their Federal income taxes substantially reduced by this new system. In fact, it has permitted certain former citizens of the United States who have now become citizens of other countries, but who derive a large amount of income from American sources within the United States, either directly or through an American trust, greatly to reduce their taxes. This is due in the main to the fact that if these individuals were subject to both normal and surtaxes the effective rate of tax on their income from American sources would be much higher than the 10-percent rate applicable to such income under existing law. To remedy this situation the committee makes the following recommendations:

1. Subject to the normal and surtax on net incomes from the sources mentioned in section 211 (a) of existing law, nonresident aliens (now taxable under that section) whose net income from such sources is more than $21,600, which is the approximate point at which the effective rate becomes 10 percent. It may be possible that some nonresident aliens may pay less tax under this proposal than they do under existing law. To remedy this the committee recommends that the tax under the proposal shall not be less than the tax which would be payable under existing law on the gross income from such sources. In order that this new rule may not unduly increase the tax on nonresident aliens whose net income is just sufficient to bring them within this proposal, the committee also recommends that the tax shall not be increased by more than the amount of net income in excess of $21,600. Nonresident aliens subject to this proposal will still be subject to the withholding provisions at the rates imposed under existing law but they will be entitled to a credit for the amount of tax which has been withheld at the source on such income in computing their tax on the income from the sources specified in section 211 (a). They will be entitled to the same deductions applicable to such income, and to the same credits, as in the case of nonresident aliens taxable under section 211 (b) of existing law, that is, nonresident aliens engaged in trade or business in the United States or having an office or place of business therein.

2. For the purpose of administering this proposal, the committee recommends that all nonresident aliens whose gross income from the sources specified amounts in the aggregate to $21,600 or more be required to file annual returns with the collector at Baltimore, Md.

ROBERT L. DOUGHTON, *Chairman.*
PAT HARRISON, *Vice Chairman.*
WALTER F. GEORGE.
DAVID I. WALSH.
ROBERT M. LA FOLLETTE, Jr.
ARTHUR CAPPER.
THOMAS H. CULLEN.
FRED M. VINSON.
JERE COOPER.
ALLEN T. TREADWAY.
FRANK CROWTHER.

CREATION OF THE JUDICIARY (S. DOC. NO. 91)

Mr. WALSH. Mr. President, from the Committee on Printing, I report a resolution which is of a routine nature, and ask that it may be given immediate consideration by the Senate.

Mr. McKELLAR. Let it be read.

Mr. WALSH. I ask that the resolution may be read.

The VICE PRESIDENT. The clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 169), as follows:

Resolved, That the manuscript entitled "Creation of the Judiciary", prepared by Dr. George J. Schulz, Director of the Legislative Reference Service, Library of Congress, be printed as a Senate document.

Mr. WALSH. Mr. President, it would not be necessary to get the consent of the Committee on Printing for the approval of the publication of a Senate document were it not

for the fact that the document will require when printed more than 50 pages. When a Senate document to be printed is under 50 pages it is necessary merely to get the approval of the Senate. Therefore, I ask the approval of the Senate to the resolution, because the document exceeds the number of pages allowed, and in addition is in the opinion of the committee a most valuable and informative review of the subject, Creation of the Judiciary.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

CLAIMS OF NEW BRUNSWICK, N. J.—REPORT OF COMMITTEE ON CLAIMS

Mr. BURKE, from the Committee on Claims, to which was referred the resolution (S. Res. 165) authorizing an investigation of the claims of the city of New Brunswick, N. J., for compensation for municipal services furnished to purchasers of lands from the United States Housing Corporation (submitted by Mr. MOORE on the 3d instant), reported it without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LEE:

A bill (S. 2911) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government; to the Committee on Military Affairs.

By Mr. SCHWELLENBACH:

A bill (S. 2912) to authorize the city of Ketchikan, Alaska, to issue bonds for street improvements, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. DAVIS:

A bill (S. 2913) granting an increase in pension to John W. Earhart; to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 2914) granting an increase of pension to Phoebe Hoss; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 2915) to amend and reenact section 215 of the Judicial Code of the United States; to the Committee on the Judiciary.

By Mr. McADOO:

A bill (S. 2916) to add certain lands to the Trinity National Forest, Calif.; to the Committee on Public Lands and Surveys.

By Mr. GUFFEY:

A bill (S. 2917) to amend Public Law No. 692, Seventy-fourth Congress, second session; to the Committee on the Judiciary.

By Mr. LEWIS:

A bill (S. 2918) to authorize the striking of an appropriate medal in commemoration of the one hundredth anniversary of the establishment of Chicago, Ill., as a city; to the Committee on Banking and Currency.

By Mr. BULKLEY:

A bill (S. 2919) for the relief of The E. F. Hauserman Co.; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 2920) for the relief of J. Harry Walker; to the Committee on Indian Affairs.

By Mr. KING:

A bill (S. 2921) to provide for the incorporation, regulation, merger, consolidation, and dissolution of certain corporations for profit in the District of Columbia; and

A bill (S. 2922) to amend the act entitled "An act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real-estate brokers in the District of Columbia", approved February 4, 1913; to the Committee on the District of Columbia.

By Mr. MINTON:

A joint resolution (S. J. Res. 196) to establish the Gen. Casimir Pulaski Memorial Commission to formulate plans for the construction of a permanent memorial to the memory of Brig. Gen. Casimir Pulaski at Savannah, Ga.; to the Committee on the Library.

By Mr. PITTMAN:

A joint resolution (S. J. Res. 197) authorizing an appropriation for the expenses of participation by the United States in the Inter-American Radio Conference to be held in 1937 at Habana, Cuba; to the Committee on Foreign Relations.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 6384. An act to liberalize the provisions of existing laws governing service-connected benefits for World War veterans and their dependents, and for other purposes; to the Committee on Finance.

H. R. 8081. An act authorizing the Comptroller General of the United States to allow credit in the accounts of disbursing officers for overpayments of wages on Civil Works Administration projects and waiving recovery of such overpayments; to the Committee on Claims.

LOW-COST HOUSING—AMENDMENTS

Mr. KING submitted three amendments intended to be proposed by him to Senate bill 1685, the so-called low-cost housing bill, which were ordered to lie on the table and to be printed.

IMPROVEMENTS ON RIVERS AND HARBORS—AMENDMENTS

Mr. WHEELER submitted an amendment intended to be proposed by him to the bill (H. R. 7646) to amend an act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved June 22, 1936, which was ordered to lie on the table and to be printed.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 7051) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

At the proper place in the survey section to insert:
"Channel or channels across Padre Island, Tex., from Laguna Madre to the Gulf of Mexico."

FAIR LABOR STANDARDS IN INTERSTATE COMMERCE—ARTICLE BY SENATOR WALSH

[Mr. GERRY asked and obtained leave to have printed in the RECORD an article by Senator WALSH published in the Boston Traveler of Aug. 3, 1937, relative to the so-called Federal wage and hour bill, which appears in the Appendix.]

CONNECTICUT AND THE FIRST TEN AMENDMENTS TO THE FEDERAL CONSTITUTION—ARTICLE BY THOMAS H. LE DUC

[Mr. LONERGAN asked and obtained leave to have printed in the RECORD an article by Thomas H. Le Duc, of Yale University, entitled "Connecticut and the First Ten Amendments to the Federal Constitution", which appears in the Appendix.]

CONTRIBUTIONS TO DEMOCRATIC NATIONAL COMMITTEE

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article from the Washington Post of today relative to contributions to the Democratic National Committee, which appears in the Appendix.]

PARTITION OF PALESTINE

Mr. WALSH. Mr. President, I have received several communications requesting a public statement with respect to the partitioning of Palestine. I ask that a telegram from the mayor of Fitchburg and a statement which I recently gave to the newspapers may be printed in the RECORD at this point.

There being no objection, the telegram and statement were ordered to be printed in the RECORD, as follows:

FITCHBURG, MASS., *August 2, 1937.*

United States Senator DAVID I. WALSH,
Senate Office Building:

At the request of the Zionist Organization of America, I am suggesting that you make a public statement demanding that Britain fulfill its pledges to the Jewish people.

ROBERT GREENWOOD.

STATEMENT OF HON. DAVID I. WALSH, OF MASSACHUSETTS

The British policy for the further partitioning of Palestine carries with it a direct menace to United States' interests in the welfare of the Jewish people.

The present attitude of Great Britain in proposing the partitioning of Palestine and further restricting Jewish immigration into that country, would appear to be a violation of her treaty with the United States, entered into December 3, 1924.

The famous Balfour declaration at the time of the World War was a pledge in behalf of the British Government that in the event of a successful outcome, the Jews would be given a national home in Palestine.

The United States gave enthusiastic approval to this measure and by unanimous vote ratified, confirmed, and repeated the Balfour resolutions, embodying the identical language of the British mandate.

To partition the Holy Land and deny the Jews who have settled there the rights to which they are entitled under both the mandate of the League of Nations and the treaty between the United States and Great Britain would be a deliberate breach of good faith.

Intimation that recent disturbances in Palestine were caused by the forcible attempt of grasping Jews to take land and work away from the Arabs has been vehemently contradicted. It will be recalled that half of the Jews of the world live in abject poverty and are the victims of unceasing persecution. For these European Jews, the promised land of Palestine is their only hope.

In my opinion, a protest against a breaking of faith with the Jews in Palestine should be voiced by our Nation in behalf of a long-suffering people.

ORSON THOMAS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 191) for the relief of Orson Thomas, which were, on page 1, line 4, to strike out "to Orson Thomas", and on page 1, line 5, after "appropriated", to insert "to Orson Thomas, of Salt Lake City, Utah."

Mr. KING. I move that the Senate concur in the House amendments.

The motion was agreed to.

SAM LARSON, GUARDIAN OF MARGARET LARSON

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 792) for the relief of Sam Larson, guardian of Margaret Larson, a minor, which were, on page 1, lines 5 and 6, to strike out "Sam Larson, guardian of Margaret Larson, a minor" and to insert "the legal guardian of Margaret Larson, a minor, of Ephrata, Wash."; on page 1, line 11, to strike out "Fisheries" and insert "commerce on the highway between Soap Lake and Ephrata, Wash."; and to amend the title so as to read: "An act for the relief of Margaret Larson, a minor."

Mr. SCHWELLENBACH. I move that the Senate concur in the House amendments.

The motion was agreed to.

ETHEL SMITH M'DANIEL

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 972) for the relief of Ethel Smith McDaniel, which was, on page 2, line 4, to strike out "1 year" and insert "6 months."

Mr. TYDINGS. I move that the Senate concur in the House amendment.

The motion was agreed to.

CHARLES CARROLL OF CARROLLTON BICENTENARY COMMISSION

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 171) relating to the employment of personnel and expenditures made by the Charles Carroll of Carrollton Bicentenary Commission, which was, on page 2, line 3, to strike out all after "funds" down to and including "agencies", in line 6.

Mr. TYDINGS. I move that the Senate concur in the House amendment.

The motion was agreed to.

MAUDE P. GRESHAM

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1453) for the relief of Maude P. Gresham, which were, on page 1, line 6, to strike out "$8,750" and insert "$8,690.55"; on page 1, line 11, after "Gresham", to insert "and Agnes M. Driscoll"; and to amend the title so as to read: "An act for the relief of Maude P. Gresham and Agnes M. Driscoll."

Mr. WALSH. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

JACK WADE AND OTHERS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 893) for the relief of Jack Wade, Perry Shilton, Louie Hess, Owen Busch, and William W. McGregor, which were, on page 1, line 4, after "judgment", to insert "as if the United States were suable in tort"; on page 1, line 6, to strike out "respectively" and insert "all of Mancos, Colo."; on page 1, line 7, to strike out all after "damages" down to and including "by", in line 8, and insert "resulting from personal injuries sustained by them in"; and to amend the title so as to read: "An act conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of Jack Wade, Perry Shilton, Louie Hess, Owen Busch, and William W. McGregor."

Mr. ADAMS. I move that the Senate concur in the House amendments.

The motion was agreed to.

MRS. CHARLES T. WARNER

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1637) for the relief of Mrs. Charles T. Warner.

Mr. LEE. I move that the Senate disagree to the amendment of the House, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. LOGAN, Mr. BLACK, and Mr. CAPPER conferees on the part of the Senate.

WILLARD COLLINS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1401) for the relief of Willard Collins, which were, on page 1, line 7, after "Collins", insert "of Tipler, Wis."; on page 1, line 7, to strike out "$10,000" and insert "$7,500"; and on page 1, lines 9 and 10, to strike out "who were killed" and insert "and personal injuries to himself, suffered on."

Mr. LA FOLLETTE. I move the Senate concur in the amendments of the House.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

LOW-COST HOUSING

The Senate resumed the consideration of the bill (S. 1685) to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the provisions of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.

Mr. TYDINGS. Mr. President, I wish to correct the form of the amendment which I offered yesterday, so that it will read as follows:

That not more than 10 percent of the funds provided for in this act, either in the form of a loan, grant, or subsidy, shall be expended within any one State.

The PRESIDENT pro tempore. The Senator has the right to modify his amendment. The question is on the amendment in the nature of a substitute offered by the Senator from Maryland to the amendment of the Senator from Colorado [Mr. ADAMS].

Mr. LEE. Mr. President, I rise in opposition to the amendment of the Senator from Colorado [Mr. ADAMS] and the substitute therefor offered by the Senator from Maryland [Mr. TYDINGS].

As I understand we are asked to enact a law dealing with an evil in this country. It is my understanding that the bill was brought to the floor of the Senate in good faith and for the purpose of removing slums and slum conditions. Population is no criterion for determining the existence of slums. It would be more in line with correctness and fairness to put the amendment on the basis of slum population and, as I understand it, that is what the bill does. It puts it on the basis of the slums and leaves it to the constituted authorities to determine where slums exist. To put it on the basis of population might be an appeal to Senators to vote to get some of the money for their States, when in some of the States there are no slums and that portion of the money would, of course, be tied up.

I am taking it for granted that the purpose of the bill is in all good faith to remove the existence of slums.

If this is a "gravy" proposal, the Senator from Colorado ought to modify his amendment to provide for expenditure of the money on the basis of square miles so that Oklahoma and Colorado could get more of it. If it is the purpose to remove slums, why not spend the money where the need exists? When we grease a wagon we put the grease where the squeak is.

Polygamy touched only one State, nevertheless it was declared a national evil and was abolished. Slavery affected only 10 States, but was abolished as a national evil. When bills were introduced in the Congress asking for relief from drought conditions I did not hear Senators from the thickly populated cities of the East endeavoring to attach amendments which would perhaps have the effect of destroying the purpose of the legislation. I did not notice that any amendments were offered providing that the relief appropriation in that case should be expended on the basis of population instead of being expended where the drought existed.

When bills were introduced asking for money for the control of grasshoppers which were so destructive in Colorado and Oklahoma, no Senators representing the thickly populated districts of the East came forward with amendments to hobble and hamstring and string-halt that appropriation. They supported the bill because they wanted the money to go where the evil existed. When bills were introduced asking for money to eradicate the fruitfly and the fever tick and the hoof-and-mouth disease, it was understood that the money should go to the places affected.

As I understand, the evil and the disease of the slums is even more dangerous than the disease brought on by the existence of the fever tick, so far as the Nation is concerned. The condition exists to a greater extent in the large cities and should be eliminated and eradicated, and I understand it is the purpose of the bill to do that.

I oppose the amendment because I believe population is no fair criterion or basis for the distribution of the fund. I believe the proposal for a 10-percent allotment is purely arbitrary. If all the slums are to be found in a few large cities, then all the money should go to those particular areas where the condition exists.

I am confident no one believes a good citizen can be produced under conditions which we have heard described as existing in the slum areas where several families are crowded together in the limits of a few small feet of space, where they exist under the most insanitary and immoral conditions. It may be the fiend who murdered the three little girls in California is the product of the slums of New York City. It may have been that he grew up without the benefit of any moral surroundings. Therefore this evil while local in its existence is national in its effects and should be eliminated.

I should like to see a slum-clearance bill passed that would permit the expenditure of money where the slums exist. For that reason I am going to oppose the amendment. I want to have the slum areas wiped out. There may be a few of the larger cities in my own State of Oklahoma which are affected in this respect. If so, as I understand, the bill provides that a proportionate fair share of money shall be used to eliminate the slum conditions which exist there. I want to have a bill passed without all these hindrances which would prevent the constituted authorities from carrying out the purpose and intent of the bill.

The slums are a seedbed for radical propaganda. The slum population are the people most subject to the subversive doctrines brought to this country from abroad, which would destroy our Nation and our form of government. These are the places where radicals can best plant the seeds of anarchy. They constitute spawning grounds for communism. For that reason, among others, I hope to see them wiped out. It is my purpose to oppose all amendments to the bill that tend to interfere with carrying out the purposes of the bill.

I have listened carefully to the junior Senator from New York [Mr. WAGNER]. He has been most generous in accepting all amendments or suggestions that would improve the bill. But these two amendments, in my opinion, would greatly limit the effectiveness of the bill. Therefore I am opposed to these and all other amendments which seem to restrict the free operation of the purposes of the bill.

Mr. JOHNSON of Colorado. Mr. President, the amendment which was offered by me, and which the senior Senator from Colorado [Mr. ADAMS] substituted for his amendment which was offered yesterday, has for its purpose the equitable distribution of the benefits accruing under the bill to all of the States in the United States.

In that connection I want to perfect my amendment by modifying it, if I may do so at this time.

The PRESIDENT pro tempore. The Senator from Colorado has the right to modify his amendment.

Mr. JOHNSON of Colorado. I ask to modify my amendment, on page 1, line 5, after the word "States", by inserting the words "and the District of Columbia"; and in the same line, after the word "State", "or the District of Columbia"; in line 6, after the word "States", by inserting the words "and the District of Columbia"; on page 2, line 9, after the word "State", by inserting the words "or the District of Columbia"; in line 11, after the word "State", by inserting the words "or the District of Columbia"; and in line 14, after the word "States", by inserting the words "and the District of Columbia."

I think there is some misunderstanding of just what my amendment proposes to do. It would not tie up the funds, and it would not freeze the funds. It would simply give each State an opportunity to accept the benefit of the funds. It does not permanently tie them up.

I should like to have the attention of the Senator from New York [Mr. WAGNER] to what I am about to say with reference to a part of my amendment which I think has been overlooked entirely by Senators.

The amendment proposes to earmark the funds provided in this bill, and to give the various States and the District of Columbia an equal opportunity to come here and apply for them. If their applications are accepted, the money, of course, goes to them. If their applications are rejected, the money goes back into the fund and is redistributed in accordance with the first distribution.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Colorado. Yes; gladly.

Mr. WAGNER. For how long does the Senator intend that the funds shall remain earmarked? By what procedure would he bring this about?

Mr. JOHNSON of Colorado. They are to be earmarked 30 days after the taking effect of the act in the first year, and the States will have until the next year to make the

funds available in their States, to get their applications in and have them perfected; and then at the end of that time the funds are to be redistributed as though they had never been earmarked.

It seems to me that is absolutely fair. I heard the Senator from Maryland [Mr. TYDINGS] yesterday say that as soon as this measure is passed we shall have a regular deluge of mayors from all over the country coming into Washington, applying for these funds.

Mr. WAGNER. If my recollection is correct, I think the Senator from Maryland said that New York would at once get 50 percent of the fund. I think the Senator from Colorado will agree that there was no basis for that statement.

As a matter of principle, Mr. President, I do not believe in amendments of this nature. I agree with what the Senator from Oklahoma [Mr. LEE] has stated; but I am not going to stand here and make a controversial matter out of the amendment. If the Senator from Colorado feels that the funds ought to be frozen and allocated to the different States, I am tired of quarreling about matters of that kind. I do not want anybody to get the impression that I am seeking to have New York get a disproportionately large part of these funds. I am sure New York will get no more than its share, and I should be opposed to its getting any more than its share. But, as the Senator will recall, when the appropriation of funds for agriculture was before the Senate, not only did I vote for the measure, but in addition I made no suggestion that the funds should be allocated among the different States. Out of I do not know how many million dollars New York State got altogether only $700,000. I made no complaint about that, however, because under the act New York was not entitled to any more. I thought the agricultural States were entitled to the larger funds.

Mr. JOHNSON of Colorado. I am glad to hear the Senator from New York say that, because there is no purpose on our part of freezing these funds. All we want to do is to give the States an equal opportunity to come here and get these funds.

This is not something new. I went back to the laws of 1916 for the precedents for it. That is the way the funds were allocated in the highway law, and I used not only the principle of the highway law but the exact language of that early law for this amendment. When the highway funds were not accepted by the States the law provided that they should go back and be redistributed, and that is the objective of this amendment.

Under the earmarking that we propose here 13 States of this Nation would have 6 percent of the funds earmarked to them. That is $42,000,000. Ten States would have 9 percent, or $63,000,000. A total of $105,000,000 would be earmarked for 23 States. Fifteen States would have earmarked for them 25 percent, or $175,000,000.

In other words, 38 States would have 40 percent of the benefits under this act earmarked to them, or $280,000,000, and 10 States would have 60 percent earmarked to them, or $420,000,000.

I cannot see anything unfair about this proposal. It will give all the States an equal opportunity. If the mayors do come to Washington, as the Senator from Maryland has indicated, I do not want my mayor from Denver to come here and be told, "We have no funds. We cannot do anything for you. The funds are all gone. A rush has been on, and the first to come in has received the money, and you will just have to go home empty-handed." I do not want that sort of thing. If we are going to have that kind of a rush, we ought to have some sort of an orderly formula worked out to receive that kind of a rush, and that is the objective of the amendment.

Referring to what the Senator from Oklahoma [Mr. LEE] has said, What is this question? Is this a national question, or is it a local question? I should like to have Senators turn to page 33 of the bill and find out. This is what it says, under the head of "Findings and Policy", right at the beginning of the bill:

> There exist in urban and rural communities throughout the United States slums, blighted areas, or unsafe, insanitary, or overcrowded dwellings, or a combination of these conditions, accompanied and aggravated by an acute shortage of decent, safe, and sanitary dwellings within the financial reach of families of low income.

The bill says "throughout the United States." It does not say anything about the slums being in New York or in New England or in Pennsylvania. It says "throughout the United States." So I take it from the bill itself that it is not a bill to correct some local difficulty but it is a bill to correct a general difficulty that exists throughout the whole country.

Let us find out what a slum is according to the bill itself. Under the heading of "Definitions", on page 35, the bill says:

> The term "slum" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

That is what a slum is under the bill. That is the thing we are attempting to correct. I hold that there are slums throughout this whole Nation. There is not a village, however small it may be, in the whole country, from one end of it to the other, which under this definition does not have slums.

All of us have heard about one-third of the Nation being ill-housed, ill-clothed, and ill-nourished. If that be the case, I have not heard anything about the one-third of ill-housing all being in one section of the United States. We are starting in on a new problem. We are beginning at the very bottom of a big problem, and a new problem, so far as the Federal Government is concerned; and if the bill is passed, all of the country should be entitled to come under it for such benefits as it has to offer.

There is one thing that I fear the junior Senator from Washington [Mr. SCHWELLENBACH] has overlooked. In speaking here yesterday he said that there were no slums in Seattle, in his home city. Under the definition—and I have visited Seattle—I beg to differ with him. But there is one thing that the junior Senator from Washington has overlooked.

One of the first objectives of the bill is to promote economic recovery. Turn to the report, and what does the report say? On page 2 of the report submitted by the committee it says:

> The first objective of the bill is to provide opportunities for reemployment in a preeminently useful type of enterprise.

That is the first objective. Turn to page 33 of the bill as amended by the committee, and what do we find? It says there:

> The failure to remedy this acute dwelling shortage has also produced stagnation of business activity in the construction, durable goods, and allied industries, thus impeding business activity throughout the Nation and resulting in widespread, prolonged, and recurring unemployment with its injurious effects upon the general welfare of the Nation.

That is an economic question. In Denver, when we cure our slum districts, we will go to the State of Washington to buy lumber; and when we buy lumber in the State of Washington it will relieve unemployment, which we have repeatedly heard the Senator from Washington say on the floor of the Senate was one of the great difficulties in his State. This is an economic question, and the Senator from Washington has entirely overlooked it. When the States around Wyoming start clearing away their slums, they will go to the State of Wyoming to buy cement and other material. We hope they will come to Colorado to buy such structural iron as they need.

On page 34 the bill says:

> It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions—

To do what?—

> to alleviate present and recurring unemployment.

According to the report of the committee, that is the first objective of the bill. According to the bill itself, it is not a local problem that we are attacking; it is a national problem.

For our own protection, I sincerely hope that when we turn this money over to this Bureau we shall safeguard our States and give all of our States an opportunity to come here and get part of this fund. It is not making the bill a "pork barrel" measure to handle the fund in that way. What do the States have to do when they do come here? Do they come and say, "Give us so many million dollars"? No; they do not. They come here with their applications, and they prove their own situations. They have to satisfy the board that they have slum areas that should be eradicated. The board passes upon the value of their proposed projects under the bill. The board has to decide the whole matter. States are not going to get away with anything. If we have slums in Colorado, under this amendment Colorado will have an opportunity to wipe out those slums with the funds provided in the bill, if her authorities can comply with the requirements laid down by the board for them to meet.

I sincerely hope the Senate will seriously consider the amendment and its provisions and give every State its day in court.

Mr. CLARK. Mr. President, I desire to propound a parliamentary inquiry. I should like to ask the Chair whether there is any authority under the rules of the Senate for the machinery and employees of the Senate to be used in passing out on the floor of the Senate propaganda from private sources with regard to legislation pending at the moment before the Senate?

I ask that question in all good faith, Mr. President, because this morning since the meeting of the Senate the employees of the Senate have been engaged in passing out a letter with enclosure from a Mr. Langdon Post, president of the American Federation of Housing Authorities, with regard to an amendment adopted by the Senate on yesterday. He is engaged in propagandizing for its reconsideration.

If I may be permitted to say so in connection with the parliamentary inquiry, I have no desire whatever to reflect on Mr. Post, but it seems to me that this occurrence affords one of the most dangerous precedents that could possibly be had in connection with the business of the Senate. This is for the reason that if Mr. Post, a private citizen, has authority to pass out through Senate machinery propaganda with regard to pending legislation, we may expect to see the proponents and the opponents of the antilynching bill, the proponents and the opponents of the gasoline tax or any other particular tax measure which may be suggested, the proponents and the opponents of various provisions of the sugar bill and the various interests therein, the proponents and the opponents of almost any possible matter that may come before the Senate, employing the machinery of the Senate for the purpose of covering the desks of Senators with propaganda and literature seeking to influence the action of the United States Senate.

I should like to inquire from the Chair whether there is any authority under the rules of the Senate for such a practice.

The PRESIDENT pro tempore. The Chair is not advised of any rule regarding the subject or any precedent covering it. However, it is the opinion of the Chair that an employee of the Senate would be subject to reprimand or other action by the Senate if he committed such acts on behalf of anyone except a Senator. Of course, if a Senator should ask the pages or any other employees to distribute anything, it would be their duty to do so, and the responsibility then would be upon the Senator.

Mr. CLARK. Mr. President, I have no desire to criticize the page boys who passed the letter around; indeed, I have no desire to criticize anyone in connection with the matter. I call attention to the fact, however, because I think the circulation of propaganda on pending legislation from private sources is an extremely dangerous practice to be initiated in this body, and one calculated to bring the Senate and its procedure into disrepute.

Mr. WAGNER. Mr. President, if that was improper, I take the full responsibility for it, and do not desire to have employees blamed. Perhaps I was wrong, but I thought that any kind of enlightenment on the subject we were considering was perfectly proper, and I suggested that the Senators be given this particular information. If the action has no precedent, if it is wrong, I am the person who must be subjected to criticism, and no one else.

Mr. McNARY. Mr. President, the statement of the distinguished Senator from New York does not cover this case. This is the boldest attempt to influence legislation I have seen in 20 years in the Senate. Doubtless the responsibility lies with the organization that is opposing the limitation on the cost of housing. It is supposed to be a reputable institution, with headquarters in Washington. I assume they inspired this propaganda for purposes of profit, because that is the line of business in which they are engaged. I think it is an insult to every Member of the Senate that this federation should frame a letter in this form to influence legislation in the Senate, and particularly that it should advocate the method of procedure which it thinks we should follow, namely, a motion should be made to reconsider the vote by which the particular amendment with which it is displeased was carried yesterday.

I absolve the Senator from New York, because he has not had many years of experience in this body, from causing the propaganda to be distributed. The trouble with the whole thing, however, and that about which I complain, is the audacity of this organization in attempting to influence legislation in this fashion.

Mr. President, if there is no rule to cover this matter, then the Committee on Rules should see to it that an amendment is properly prepared that will bring about a penalty for an organization attempting to do a thing of this astounding nature.

Mr. ADAMS. Mr. President, I really wish to take a moment's time to express a degree of disappointment at the lack of appreciation of the Senator from New York of the efforts made yesterday to help him. I understood that he had become somewhat engaged in a difference of opinion with the Senator from Maryland, who had indicated that if the bill were enacted, the city of New York would receive not less than 50 percent of the funds to be appropriated and expended, and the Senator from New York assured the Senate that that could not be the case, that this was a national problem.

No doubt the Senator had in mind section 1 of the bill, which, as the preamble, recites that "There exist in urban and rural communities throughout the United States" these problems. So I thought the Senator from New York would be delighted to have incorporated in the bill the very assurances which he was giving, that New York had no intention, no expectation, of having more than a fair share of the moneys which were to be expended. I had no desire at all to seek to reach out and, as the Senator from Washington indicated, attempt to make a "pork barrel" measure of this bill. My object was merely to protect the Senator from New York from any charge that he was actuated by selfish or provincial motives. I thought he would, of course, accept the amendment. So I really am expressing my disappointment at the lack of appreciation of our earnest effort.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. WAGNER. I am sorry the Senator is disappointed in my attitude toward his amendment. I said a moment ago that I would not make it a matter of controversy. I did express the thought, however, that in legislation of this character it is wrong in principle to freeze the funds and keep them inactive, waiting for applications which, perhaps, may never come. This work ought to be done where the evil

exists, and I pointed out that when the leigslation involving the A. A. A. came before us I not only voted for it, but I would have considered myself unpatriotic in that case had I suggested that there should be a distribution according to population.

However, if it will assuage the apprehension of the Senator that New York might get a larger share than the Senator thinks it ought to get, I am quite willing that the limitation be imposed upon New York, for instance.

Mr. ADAMS. Of course, I was not willing to assume the accuracy of what the Senator said had been stated, that the conditions which he sought to correct were productive of crime, and that they were being charged against New York. I took it for granted that in proportion to population there was no more crime being developed in New York City than elsewhere.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. WAGNER. I know this controversy is always interesting and entertaining.

Mr. ADAMS. I am not having any controversy.

Mr. WAGNER. No; but I do not want to have my attitude misunderstood. If the Senator desires to limit these funds according to population, or in any other way, so as to be sure that New York does not get more than its share, I am willing.

Mr. ADAMS. Naturally, we think of the Senator from New York first, and we think of New York first. It is the Empire State, and we naturally think of New York first. The Senator should be complimented, rather than offended.

Mr. WAGNER. I am very much complimented. I was speaking in general terms. I think just the same rule should be applied that we have applied to every relief measure. I do not recall that we allocated according to population under the relief acts. We took the position that wherever relief was needed, wherever there was suffering or hunger, we should supply the funds.

Mr. BONE. Mr. President, will the Senator from Colorado yield to me?

Mr. ADAMS. I yield.

Mr. BONE. I think if there is any piece of legislation in which there ought to be breadth of view exhibited it is in the handling of and the approach to a measure such as the one before us. I look on a slum district as a social evil—and I take it the Senator from Colorado agrees to the statement—that slums are breeders of crime and social immorality. If we were going to expend Government funds to control a physical disease, not naming any, but a disease that was ravaging the human family, I take it the Senator from Colorado and all other Members of the Senate would want to apply the money in attempting to cure the victims of the disease wherever they were, whether they were in New York, or in California, or in Colorado, or in the State of Washington. So the money employed to get rid of a social menace should be used to get rid of the menace where it exists. Obviously, if we were going to try to stamp out tuberculosis, we would not allocate money to a State where there was no tuberculosis. We would attempt to stamp out the disease by expending money on the victims of the disease, no matter where they were, if the disease itself constituted a social challenge.

I have not heard it suggested on the floor of this body that slums are not a menace to the social welfare, and probably the whole political welfare of the United States. It is because they are such a menace that I have felt impelled to follow the suggestions of the Senator from New York in attempting to apply the money for the eradication of a social disease wherever it may exist. If slums are a menace and a social disease, as has been suggested here a thousand times, it would seem obvious that we ought to apply the money to the eradication of that disease where it exists. Of course, that has been suggested here so many times that it probably is a work of supererogation to repeat it. What we are trying to get rid of is slums; and if there are more in New York City than anywhere else, then we lose sight of the real objective of this sort of legislation if we do not apply the remedy where it ought to be applied. It seems to me the logic of that statement is inescapable.

Mr. ADAMS. Mr. President, I am not at all in disagreement with the Senator from Washington; but if slums exist in San Francisco which are the source of infection which spreads to the State of Washington, I should think the Senator from Washington would wish to have those slum conditions in his neighborhood cured.

Mr. BONE. Mr. President, will the Senator again yield?

Mr. ADAMS. I yield.

Mr. BONE. That is precisely the point I am making. If there is an arbitrary allocation upon a population basis——

Mr. ADAMS. Mr. President, I will say that I do not believe in that. I offered my amendment for the purpose of aiding the Senator from New York in maintaining his position against the charges that were made. I really thought I was coming to his support by offering my amendment.

Mr. President, I do not think the money to be made available under this bill should be allocated strictly upon a population basis. However, the bill in its preamble recites, as has been pointed out by my colleague [Mr. JOHNSON], that these conditions exist throughout the United States; and the preamble also recites that it is necessary to assist the several States inasmuch as the slums are widespread.

Mr. BONE. Mr. President, will the Senator yield so that I may ask one question?

Mr. ADAMS. I yield.

Mr. BONE. Is there anything in the present language of the bill that suggests to the able Senator from Colorado that any State would be barred from making application for this money? Under the terms of the bill the fund is made available to and for the benefit of any State or any political subdivision of any State that wants to enter into a slum-clearance operation. That is the provision of the bill as I read it.

Mr. ADAMS. Mr. President, if the Senator will let me state some figures, I think he will see the basis for my apprehension.

The bill provides for the authorization of the expenditure, by appropriation, of $20,000,000 per year for 3 years. The bill authorizes the borrowing of $700,000,000. The Senator from New York and other Senators who agree with him have objected to a limitation which was put upon the bill of $4,000 per unit. It is suggested that a $6,000 expenditure per unit would be justified. If we take the $700,000,000, how many units at $6,000 apiece will that amount of money construct? It will construct 116,666 units. If the units are built on the $4,000 basis, only 175,000 units can be built. According to the statement made by the Senator from New York at least one-third of the population of the United States is in need of this assistance; at least, there are great numbers of our people, running up into the millions, who are in need of it. I venture to say there are several times the number of 175,000 who are in need of such assistance in the city of New York. There is need for such assistance also in other States. If we were to appropriate and provide money adequately to take care of slum clearance, we should then say that it should be appropriated in proportion to need.

Mr. President, I shall now go beyond that point. We are providing $20,000,000 a year as a contribution to make up the rent payments which the lowest economic group is unable to pay. If persons in that group are to get houses costing $4,000 each, exclusive of the land, it must fairly be assumed that the interest charge, at the low rate of interest, the allocation for taxes which is to be made, the repairs, the upkeep and the rent which the individual family can pay will be between $30 and $35 per month. If a $4,000 house is built a lower income than that should not be received from it. If a $6,000 house is built the income from the house must go beyond the figures of $30 to $35 per month. Then if we take the lower economic group and put them into houses built on the $4,000 basis we cannot figure upon a contribution of less than $15 per month on the part of the Federal Government. In other words the Federal

Government out of these funds will contribute to each case on an average of $180 per year. That will take care of only 111,000 cases.

Mr. President, that is not all. These people are to be put into the houses not for 1 year. They are put in for a longer period.

So the first year we use the $20,000,000 in taking care of the 111,000 families, and the second year we take the $20,000,000 then appropriated to take care of the same 111,000 families. The work of slum clearance is not extended and spread because all the money provided by the bill to be appropriated will be consumed in taking care of those taken care of the first year. In other words, we are getting nowhere. All we are going to take care of under the provisions of this bill, even on the basis of the limitation which is complained of by the sponsors, will be a mere trifle in the great economic problem.

Mr. President, this morning's newspaper carries an item which is of interest to some of us, that the Treasury Department wound up the first month of the new fiscal year with a deficit of $249,384,000.

The PRESIDENT pro tempore. The Senator's time on the amendment has expired. Does the Senator from Colorado desire to continue speaking on the bill?

Mr. ADAMS. I desire to discuss the substitute offered by the Senator from Maryland [Mr. TYDINGS].

The PRESIDENT pro tempore. The Senator has discussed the substitute.

Mr. ADAMS. Then I will discuss my own amendment.

The PRESIDENT pro tempore. The Senator's amendment is not before the Senate. The Senator's time on the amendment has expired.

Mr. ADAMS. Then I will speak on the bill.

The PRESIDENT pro tempore. The Senator from Colorado is now speaking on the bill.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. OVERTON. I have no desire to take up too much of the time of the Senator from Colorado, but I wish to direct his attention and that of the Senator from New York, in charge of the bill, to a problem which suggests itself to me. This bill as it is presently prepared will go into operation at once. I am thinking about the mechanics of it. The authority will lend money to municipalities and to States. I wish to know whether the Senator from Colorado and the Senator from New York have made any investigation as to whether or not municipalities generally throughout the different States of the Union are authorized by enabling acts to enter upon slum-clearance projects or the elimination of blight areas, and whether or not enabling acts would be required to be enacted by various State legislatures before municipalities may be authorized to do so, and whether providing for enabling acts would not require amendment of State constitutions in order that the legislatures of the different States may go into the projects contemplated by this measure.

I think these remarks concern the amendment proposed by the Senator from Colorado, because his amendment holds in reserve these sums that will be allocated to the different States for the first fiscal year, and they will be held in reserve for the next fiscal year. That will give an opportunity for the States that are now constitutionally unable to go into these projects to have constitutional amendments passed which will authorize them to do so, and when they are constitutionally authorized to enter into the projects their legislatures will be given the opportunity to pass enabling acts authorizing the different municipalities to enter into these projects.

I should like to know if the Senator from New York and the Senator from Colorado have made any investigation of these legal questions.

Mr. ADAMS. Mr. President, I have only 10 minutes, and I should like to save a minute or two. I should like to have the Senator from New York answer that question, and leave me a minute or two.

Mr. WAGNER. Mr. President, I will answer in my time. Will the Senator from Colorado yield, and it may be counted in my time?

Mr. ADAMS. Yes.

Mr. WAGNER. About 30 States have enacted laws creating housing authorities, and have conferred upon them the power of eminent domain. This has been in accord with the constitutions of their States, and therefore no amendments to their constitutions would be necessary. I understand that progress has been made in other States as well, and that as soon as their legislatures meet they will enact similar legislation.

Mr. OVERTON. I thank the Senator from New York.

Mr. ADAMS. Mr. President, I was endeavoring to point out what seemed to me a problem which we must face, disagreeable though it may be. It does not matter how desirable a project may be, it does not matter how much needed something may be, if we are not financially able to accomplish it.

There is no doubt of the need of housing; there is no doubt of the evils that grow out of the slums of the great cities; but there is some doubt as to whether or not this problem is a national one. If the great cities and the States had properly performed their functions, probably the slums would not have come into existence. It has become a national problem by reason of the failures of the cities and the failures of the States. But we are entering upon a program involving the Government in tremendous expenditures. We may jeopardize our credit; we may wreck our credit; and then all the programs which we have already embarked upon, designed to help the home owners, to help the farmers, to provide for old age, to provide for unemployment, and now to provide for housing, may fall into a heap of wreckage if the credit of the Government fails. I do not know where the line is, but I know that there is a limit. I know that the bonded indebtedness of this Nation has been growing to the point where thoughtful men are becoming uneasy. The day may come when bond issues that are put out will not be absorbed as they have been. When that day comes, we may look back and wonder if we were as wise as we thought in seeking to meet with Federal funds every problem.

We are trying to pass on, Mr. President, the burden of these problems from today to tomorrow. We have in the past 4 or 5 years been endeavoring to make the depression comfortable and agreeable for those of us here today and passing the burden on to those who are coming after us. I am interested in that phase of the question. I have boys coming on the scene; and I feel that it is by just such bills as this, with their noble purposes, that we are putting upon the backs of those who are to follow me and who are to follow the Senator from New York burdens which may break down the very structure which means so much in the maintenance of the good things already accomplished. So I am uneasy when I see how little is to be accomplished by the vast sums contemplated by this bill.

Mr. BROWN of Michigan. Mr. President, I should like to have the attention of the Senator from Maryland [Mr. TYDINGS] and the Senator from Colorado [Mr. ADAMS]. The Senator from Maryland yesterday submitted an amendment providing that not more than 10 percent of the funds made available by the pending bill shall go to any one State and he discussed in considerable detail the arithmetic of the bill. I think the Senator's amendment is subject to what might be called arithmetical criticism.

Representation in the House of Representatives is a fairly close index of the population. There are 435 Members of the House, and the State of New York, on a population basis, has 45, which is more than 10 percent. The population of the State of New York is more than 10 percent of the population of the United States. The Senator knows that conditions are probably far worse in the city of New York than in any other city in the country.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BROWN of Michigan. I will yield in a moment. Overcrowding is probably worse there than in any other place. Is not the Senator a little unfair in seeking to place in the bill a limitation of 10 percent? That is a very real limitation so far as New York is concerned, but it is no limitation at all so far as Nevada, New Mexico, or even Maryland or Michigan are concerned.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BROWN of Michigan. I yield.

Mr. TYDINGS. Would the Senator think that 15 percent would be fair to New York?

Mr. BROWN of Michigan. No. I am opposed to the amendment of the Senator from Maryland and the amendment of the Senator from Colorado, and I think the Senator will admit—in fact, I think he has admitted—that 10 percent is altogether too narrow a limitation and is unfair to those places where conditions are the worst.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BROWN of Michigan. Certainly.

Mr. TYDINGS. The Senator fails to mention the fact that housing primarily is a local and not a national problem.

Mr. BROWN of Michigan. That is true.

Mr. TYDINGS. And I think when the Federal Treasury puts up $700,000,000 in the form of a loan to local authorities, unless the Congress spreads that money so as to conduct the campaign on a national scale, there may be no justification for the Federal act.

The Senator from Maryland, in order to make the program national in scope, made the sole qualification that not more than 10 percent would be used in any one State. If 30 or 40 percent of the money is to be used in New York State, then, in my judgment, there ought not to be any Federal legislation enacted on the subject

Mr. BROWN of Michigan. I agree with that; and if the Senator would make the limitation somewhere around 20 percent, I think it would be reasonable, because I do not want New York to have more than 20 percent; but I certainly think it is unfair to limit it to a figure that is below its proportion of the population of the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BROWN of Michigan. I yield.

Mr. TYDINGS. The Senator from Missouri [Mr. CLARK] has just been conversing with me about that subject. I can conceive that 10 percent might be too narrow a limitation for any one State, particularly New York State. The Senator from Missouri suggested that 15 percent perhaps would be more equitable. The substitute amendment is before the Senate and open to amendment. If the Senator from Michigan will propose to amend the substitute by offering an amendment to make it 15 percent instead of 10 percent, I shall not oppose it; but to have no limitation, I think, would be equally bad.

Mr. BROWN of Michigan. I wish to say to the Senator that I am in favor of leaving that matter to the authority when it is created.

Mr. President, in regard to the amendment proposed by the Senator from Colorado [Mr. ADAMS], or by both Senators from Colorado, it seems to me that it likewise is unfair. It provides that the sums allotted to any one State shall be based on the proportion the population of such State bears to the entire population of the country. As the Senator from Oklahoma [Mr. LEE] said, there is no question that the need is much greater in the larger States of the country. In connection with the project as to which the senior Senator from Colorado has been a leader, the matter of the reclamation, I have not found him proposing an amendment providing that not more than 10 percent of the funds should be expended in any one State. Certainly New York and Illinois and Pennsylvania and Michigan have not obtained money out of the reclamation funds. The same thing is true of the various farm measures that have been submitted.

I take it from the speech of the senior Senator from Colorado that he takes the view that unless we can clear up the entire situation at one fell swoop by the appropriation of sufficient money to take care of all slum clearance in every part of the country we ought not to do anything at all. It seems to me that is the logical conclusion which he reaches in his argument; but, of course, we cannot do that. We cannot clear up any such situation by an appropriation in any one year or any three years. We have got to go at the thing slowly. That is what we are trying to do in this bill.

Now, just one other observation with respect to both the amendments referred to. I have spent most of my time in the Congress in the House of Representatives, which has 45 Members from the great State of New York. I cannot recall, Senators, a single instance where those 45 votes from the State of New York and the votes of Representatives from other industrial areas, such as Massachusetts, Connecticut, Rhode Island, Pennsylvania, and other States, have not supported reasonable farm legislation when it meant very, very little to their sections of the country; nor did I ever hear anyone propose, in the course of the consideration, tax bills, levying, we will say, income taxes upon the people of the country, to add a proviso that not more than 10 percent of the total of all taxes should be collected from any one State or that taxes should be based on population. The State of New York will pay a very large part of the expense of this bill. I do not wish to criticize the junior Senator from New York, but I think, as I stated to him on the floor the other day, that he would be in a little better position if he frankly admitted that this is a bill for the purpose of clearing slums in the great cities of the country; for that is what it primarily is. I think he could well plant his case upon that broad foundation. I think it is a city bill; and I think the Senator from New York can appeal to those who come from metropolitan areas and those of us who come from farm areas—and I represent, in part, a State that has a very diversified industry and diversified farming—to support his bill on the basis that it is a city bill. As I have said, it is primarily that.

So I hope that the representatives from the rural areas will join with the great junior Senator from New York in supporting this bill and in not defeating it by stifling amendments which will make it a measure which can do none of the things that its author seeks to accomplish.

Mr. BORAH. Mr. President——

Mr. BROWN of Michigan. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, representatives from the rural sections of the country will have no difficulty, in my judgment, in following the Senator from Michigan in his suggestion if those who are responsible for the pending measure will put proper limitations in it so that we may not feel that the money made available will be expended in the great cities without any tangible result. We have many examples about us now of projects which have been undertaken and which are worse than failures and which have cost the taxpayers a tremendous sum.

So far as I am concerned, I am interested in this bill solely as a slum-clearing proposition; and I am prepared to support it whether or not a dollar of the money to be expended under it comes to my State if I can be convinced that proper safeguards are thrown about the expenditure so that a result will be effectuated in the clearing of slums. I cannot in the name of slum clearance vote for unlimited and unrestrained waste of public money. My vote on this measure will depend upon what restrictions are thrown around the expenditures.

Mr. BROWN of Michigan. Let me ask the Senator from Idaho if he does not believe that the fact that the provisions of the bill are primarily to be administered by local authorities is a step in the right direction. The Federal Government is not going to expend this money. It is going to be loaned to local agencies interested in the proper and economical construction of the buildings for the purposes intended by the bill and interested in making it a success.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BROWN of Michigan. I yield.

Mr. COPELAND. I think one situation is overlooked in the debate. The bill is general in character. It covers not

only cities such as mine but extends into the rural sections as well. If there were to be a limitation, it should be upon the number of persons accommodated by the new buildings. It costs two or three times as much to provide a room in New York City as it does to provide a room in some rural section. That fact must not be overlooked. In a great city like New York there are building standards which must be met. They increase the cost, because the element of fire protection must always be given consideration. Further than that, the prevailing wage in the cities is very much greater than in the country. If we were to give New York State 10 percent of the total, that would accommodate perhaps one-fourth as many as might be provided for by the same sum in some other part of the country. That should not be overlooked.

Mr. BROWN of Michigan. I think the Senator is entirely correct about that.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROWN of Michigan. Certainly.

Mr. BARKLEY. I have been very much impressed by the Senator's remarks, because they show he has a clear comprehension of the task before us and the objectives of the bill. What we are seeking to do is not only to make the slum regions habitable but to raise the standards of living in those regions and among those people. Is it not true that in proportion as we are able to do that in the congested sections of the country, we automatically raise the average standard of citizenship throughout the United States?

Mr. BROWN of Michigan. I thank the majority leader. He is absolutely correct.

Mr. ELLENDER. Mr. President, I am in accord with the views expressed by the junior Senator from Oklahoma [Mr. LEE]. Slums are a menace to the health and happiness of millions of Americans and it is our duty to provide for their demolition wherever they exist. I realize that the pending bill is but a modest beginning in that direction, and I am more than willing to lend my aid to the proposal in the hope that eventually all those of low incomes may be afforded a decent place in which to live, commensurate with their earnings. I desire to submit a few remarks with reference to certain statements made on yesterday by the senior Senator from Maryland [Mr. TYDINGS] and the junior Senator from Virginia [Mr. BYRD]. It is not my purpose to undertake to defend what has been done in the past with reference to the building program undertaken by the Resettlement Administration. I agree with the Senator from Virginia [Mr. BYRD] that there was some extravagance. All of us must realize that in 1933 when President Roosevelt took office something had to be done immediately by the Government in order to feed and clothe those in need. We had no set plans to guide us. We were at sea. Starving people could not wait for the charting of a course. We had to take conditions as they then existed and, of necessity, quite a few unnecessary ventures were undertaken.

When the original housing bill was first considered by the Committee on Education and Labor, of which committee I am privileged to be a member, there were a number of objections urged. Among them the outstanding one, to my way of thinking, was the provision in the bill that authorized the expenditure of $1,000,000,000, with a subsidy on the part of the Federal Government of something like $2,600,000,000 spread over a period of 60 years. It was thought by some of us on the committee that the subsidy was out of proportion to the initial amount to be expended and that limitations should be placed in the bill as to the amount the Government should expend for subsidy purposes. Hence we have in the substitute bill a yearly subsidy not in excess of $20,000,000. Another objection was that the bill did not provide for mandatory slum clearance. The Senate has seen fit to incorporate a provision in the substitute bill so as to take care of that situation. Yesterday the Senator from Virginia [Mr. BYRD] took the position that the Federal Government would not only subsidize the lessees of the proposed projects to the extent of $2 or $3 per room, but that the provisions of the bill would allow the local housing authorities enough money to retire the entire debt. He stated that under the subsidies provided in the bill the Government would pay to the extent of 75 percent of the amount of rent, so why not go the full limit and make it 100 percent?

A careful reading of the bill, I am sure, will not bear out the statement of the Senator from Virginia. We have in the bill a limit of not exceeding $20,000,000 annually for subsidy purposes. That figure was determined in this manner: The bill provides that the authority shall within the next 3 years raise $700,000,000, and that a subsidy will be given by the Federal Government equal to 3½ percent of the investment. It was thought that in some cases the entire limit of 3½ percent might be used, whereas in other cases it might require only 2 to 3 percent. It was believed the average would not exceed 3 percent. Hence the amount of $20,000,000, which is a fraction over 3 percent of $700,000,000, was fixed as the limit to which the Government may be called upon for subsidies. These subsidies are to be allowed only to insure low rents and are not to be applied to words liquidating the indebtedness of the local authorities.

On yesterday the Senator from Maryland [Mr. TYDINGS] took the position that a house costing $6,000 would require the man who rents it to pay on the basis of $50 a month. The figures he produced are those which are usually used by private capital in estimating the return on housing investments and the like. He contended that the bill defeats its purpose, since it is the object of the proponent of the bill to provide low rents for those whose income was from $50 to $75 per month.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. TYDINGS. The figures I used were not inclusive of land or administration costs, but were simply the cost of the buildings.

Mr. ELLENDER. May I ask the Senator where did he obtain his figure? How did he arrive at the 10-percent basis that he mentioned during the course of the debate?

Mr. TYDINGS. If four rooms cost $1,000 apiece, four rooms would cost $4,000.

Mr. ELLENDER. That does not answer my question. May I again ask the Senator where he got his figure of 10 percent?

Mr. TYDINGS. From my own experience in having built some houses and sold them, and having built them as cheaply as I could, I find that I could not break even by making 10 percent on the capital outlay for building and ground.

Mr. ELLENDER. Very well. That is the point I am trying to make; that is, that the Senator from Maryland is using 10 percent as his basis, which is the figure usually used by private capital as a just return on such investments.

Mr. TYDINGS. Let me read to the Senator the entire break-down of the rent, if he would like to have it, so that he may know where I got my figures.

Four thousand dollars would be the cost of the building, just the rooms without the land or administration cost added. On a normal basis used by a private concern, 10-percent rent would be needed in order to carry the proposition; for instance, insurance, depreciation, and upkeep. That would be $400; but under the bill the renter is entitled to a subsidy as high as 3½ percent, which would make $140. One hundred and forty dollars subtracted from $400 would leave $260 which the renter would have to pay. In the event that he gets the proposed subsidy, then the Government would be lending the money without any interest at all because the amount of the subsidy is equivalent to the interest on the loan. Then the renter would have to pay in equal monthly installments $21.33 a month in order to pay his rent with the Government subsidy included, which means that if we gave the rooms to the low-income group, the man would take nearly half of his salary, assuming he was making $50 or $60 a month, to pay his rent, notwithstanding the Government contributed $140 of the $400 annual charge.

Now, if the Senator will yield just a moment further——

Mr. ELLENDER. No; I do not yield further at this time. The Senator made the same speech yesterday; and, besides, debate has been limited and I would like to make further observations of my own on the subject.

Mr. TYDINGS. I thought the Senator wanted an answer to his question.

Mr. ELLENDER. I asked the Senator where he obtained his figure of 10 percent, and he answered that question to my satisfaction.

As I understood, the figures were taken from the Senator's own experience as a builder of homes to rent.

Mr. TYDINGS. Will the Senator yield for a question?

Mr. ELLENDER. I yield for a question.

Mr. TYDINGS. Where does the Senator get his information?

Mr. ELLENDER. From the recorded evidence taken before our committee. I will further inform the Senator in a minute.

The reason why it is necessary for the Federal Government to come to the rescue of these unfortunates, those who are unable to pay high rents, is that private capital cannot cope with the situation. It expects more in return than persons of low incomes can pay. The Government is able to obtain money much cheaper than can the average individual. It has almost unlimited credit. If the Senator from Maryland will refer to page 13 of the report which accompanies the bill under consideration, he will find answer to the question he propounded to me a few moments ago.

The bill provides that the rate of interest shall be the going Federal rate at the time the loan is made. The established rate of interest today, or at the time the statement to which I have referred was made, was 2½ percent; and the Authority proposes to borrow this money with the backing of the Government at that rate and loan it to the various local authorities at virtually the same rate. The local authorities will then grant mortgages for the repayment of the loans on the land and the buildings to be erected, and out of the revenues from those buildings the Authority is to be repaid. It must be remembered that the Federal Government is not appropriating one penny of the $700,000,000, but is only guaranteeing the repayment of said sum should the Authority fail to collect. Let us see how the plan will work. It will be noted, as I have just stated, that on page 13 of the report accompanying the bill, appears a table.

TABLE 9.—*Computation of monthly rent per room, including heat, based on a capital cost of $1,000 per room*

	Per room per month
Cost of capital, interest, and amortization on $1,000 at 2½ percent and 60 years	$2.70
Operating expenses	2.95
Local taxes, full ad valorem, at 2 percent	1.66
Economic rent, using Government credit but without annual contributions	7.31
Maximum annual contribution per room (3½ percent on $1,000 capital cost; e. g., $35)	2.92
Rent with maximum annual contribution but paying full local taxes	4.39
Deduct half taxes	.83
Rent with maximum annual contribution and half local tax exemption	3.56
Deduct half taxes	.83
Rent with maximum annual contribution and full local tax exemption	2.73

By multiplying the figures in the above table by 100 or 1,000, the 1-room example may easily be translated into 100- or 1,000-room low-rent housing projects.

The basis for calculation, as will be observed, is $1,000 per room. With that basis we can easily figure what $1,300 per room would cost, or $1,500, or $2,000, but let us take for the purpose of this illustration the cost of $1,000 per room—it will be noted that the cost of capital, interest, and amortization of a $1,000 room will amount, per month, per room, to $2.70. The amortization, of course, is spread over a period of 60 years, as is provided for in the bill. The operating expenses amount to $2.95. The local taxes—that is, the full amount of taxes for the municipalities and for the State—amount to $1.66; or a total per room of $7.31 per month. Should the Government pay the maximum subsidy that is provided for in the bill, namely, 3½ percent of the $1,000 cost, it would amount, per month, per room, to $2.92, thereby making the cost per room $4.39.

The local authority which will put up the building will no doubt make allowances for local taxes. From the fact that the Authority is of a quasi-public nature, it is to be assumed that the taxes will either be cut in half or probably remitted in full.

Assuming that half of the taxes are remitted, we deduct from the $4.39 to which I have just referred one-half the taxes, or 83 cents. That would mean a rental of $3.56 per month per room. Should all of the taxes be remitted, there would be a further deduction of 83 cents, or a minimum of $2.73 per room.

I desire to say to the Members of the Senate that these figures have been presented to our committee by experts, men who, I believe, know what they are talking about. The figures to determine amortizations were taken from Glover's actuarial tables which have been in use for many years.

Permit me to further break down the figures that I have mentioned above, so as to give you a more vivid picture of the plan.

The prevailing rate of interest at this time is 2½ percent. If 2½ percent, plus a fraction under three-fourths of 1 percent, is paid yearly on $1,000 for a period of 60 years, that will have the effect of amortizing the said sum of $1,000 at the end of said period. In other words, the figure of $2.70 per month is the equivalent of $32.35 per year, which is the cost of both interest and principal for amortizing $1,000 in 60 years.

The amount of $2.95 per month, per room, is equivalent to $35.40 per year per room. This figure represents the cost of heat and hot water, repairs, replacement of fixtures, and other items with a life of less than 60 years, the cost of operating the property, and allowances for vacancies and noncollections of rent. To be more exact and so that you can obtain more details, the sum of $35.40 per year per room is derived as follows:

Repairs, 1 percent of cost	$10.00
Replacement of fixtures and other items with life of less than 60 years, one-half of 1 percent of cost	5.00
Heat and hot water	10.00
Insurance, maintenance, and administrative costs	7.77
Allowance for vacancies and noncollections, 3 percent of the annual rent	2.63
Total	35.40

I may state to the Senate that the figure of $35.40 per $1,000 per room per year, is based on the expense of the 43 completed large-scale housing projects of the Federal Housing Administration.

As to the figure of $1.68 per month for taxes, that represents an annual tax of $20 per $1,000, or 2 percent ad valorem. The actual average assessment rate throughout the United States is about 2½ percent of an 80-percent valuation, which is equivalent to 2 percent on real valuation. The fact that these buildings will be erected by local public authorities, I assume that there will be a full remission of taxes, because of the worthy nature of the undertaking. If that should happen, I say to the Senator from Maryland [Mr. TYDINGS] and to the Senator from Virginia [Mr. BYRD] that the maximum monthly rental per room costing $1,000 will be not in excess of $2.79. These figures, Senators, I believe to be correct, and in my opinion refute the arguments of the able Senators just mentioned.

The PRESIDENT pro tempore. The time of the Senator from Louisiana on the amendment has expired.

Mr. GLASS and Mr. McNARY suggested the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Andrews	Copeland	La Follette	Radcliffe
Ashurst	Davis	Lee	Reynolds
Austin	Dieterich	Lewis	Schwartz
Bailey	Donahey	Lodge	Schwellenbach
Barkley	Ellender	Logan	Sheppard
Berry	Frazier	Lonergan	Shipstead
Bilbo	George	Lundeen	Smith
Black	Gerry	McAdoo	Steiwer
Bone	Gillette	McCarran	Thomas, Okla.
Borah	Glass	McGill	Thomas, Utah
Bridges	Green	McKellar	Townsend
Brown, Mich.	Guffey	McNary	Truman
Brown, N. H.	Hale	Maloney	Tydings
Bulkley	Harrison	Minton	Vandenberg
Bulow	Hatch	Moore	Van Nuys
Burke	Herring	Murray	Wagner
Byrd	Hitchcock	Neely	Walsh
Byrnes	Holt	Nye	Wheeler
Capper	Hughes	O'Mahoney	White
Chavez	Johnson, Calif.	Overton	
Clark	Johnson, Colo.	Pepper	

Mr. LEWIS. Mr. President, I announce the absence for the record of the Senator from Wisconsin [Mr. DUFFY] and the Senator from Georgia [Mr. RUSSELL], who have gone abroad on Government business.

The Senator from Arkansas [Mrs. CARAWAY] is detained from the Senate by illness.

The Senator from Idaho [Mr. POPE] is absent on official business.

The Senator from New Jersey [Mr. SMATHERS] is absent on account of illness in his family.

I ask that this announcement stand for the day.

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

The Chair will state the parliamentary situation. The Senator from Maryland [Mr. TYDINGS] offered a substitute for an amendment offered by the senior Senator from Colorado [Mr. ADAMS]. The junior Senator from Colorado [Mr. JOHNSON], seeking to perfect the amendment of the senior Senator from Colorado, offered an amendment to insert the words "District of Columbia" in several places. The question now is on the perfecting amendment of the junior Senator from Colorado to the amendment of the senior Senator from Colorado.

Mr. BORAH. Mr. President, may we have the amendment reported?

Mr. WAGNER. Mr. President, I promised the Senator from Maryland that when his amendment was being considered I would get word to him so that he could be present. I do not want to have action taken on his amendment in his absence. I understand from Senators around me that he is on his way to the Chamber.

The PRESIDENT pro tempore. The Senator from Idaho has asked that the amendment be reported. The clerk will state the amendment offered by the senior Senator from Colorado [Mr. ADAMS], together with the perfecting amendment offered by the junior Senator from Colorado [Mr. JOHNSON].

Mr. BARKLEY. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. Is it not true that the senior Senator from Colorado in effect agreed to modify his amendment by accepting the language of the amendment of the junior Senator from Colorado?

The PRESIDENT pro tempore. That is not the parliamentary situation. The parliamentary situation is that the senior Senator from Colorado did accept the amendment of the junior Senator from Colorado as it was printed and lying on the table. Since that time the junior Senator from Colorado has added the words "the District of Columbia" to his amendment.

Mr. BARKLEY. I thought the senior Senator from Colorado modified his amendment by accepting the amendment offered by the junior Senator from Colorado.

The PRESIDENT pro tempore. The Clerk will state the amendment offered by the senior Senator from Colorado [Mr. ADAMS], to which the junior Senator from Colorado [Mr. JOHNSON] has offered an amendment.

The CHIEF CLERK. It is proposed to insert at the proper place the following:

SEC. —. (a) All amounts made available pursuant to this act for each fiscal year for loans, annual contributions, or capital grants by the Authority to public housing agencies shall be apportioned by the Authority among the several States in the ratio which the population of each State bears to the total population of all the States as shown by the latest available Federal census. The first such apportionment shall be made and certified to the Secretary of the Treasury within 30 days after the date of enactment of this act, and thereafter each such apportionment shall be made and certified to the Secretary of the Treasury at the beginning of each fiscal year.

(b) So much of the amounts so apportioned to any State for any fiscal year as remains unexpended at the close thereof shall be available for expenditure in that State until the close of the succeeding fiscal year. Any amount so apportioned to any State which is unexpended at the end of the period during which it is available for expenditure as herein provided shall be reapportioned, within 60 days thereafter, to all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury in the same way, as if it were being apportioned under this section for the first time.

The PRESIDENT pro tempore. The clerk will now state the amendment to the amendment, suggested by the junior Senator from Colorado.

The CHIEF CLERK. It is proposed to modify the amendment by adding, on page 1, line 5, after the word "States", the words "and the District of Columbia"; on line 5, after the word "State", to insert the words "or the District of Columbia"; on line 6, after the word "States", insert the words "and the District of Columbia"; on page 2, line 7, after the word "State", to insert the words "or the District of Columbia"; on line 9, after the word "State", to insert the words "or the District of Columbia"; on line 11, after the word "State", to insert the words "or the District of Columbia"; on line 14, after the word "States", to insert the words "and the District of Columbia."

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. TYDINGS. Mr. President, I desire to speak briefly on my proposed substitute. In order that it may be absolutely fair, it has been suggested that 10 percent may be too restrictive, and I therefore wish to modify my amendment and make the figure 15 percent.

The PRESIDENT pro tempore. The Senator has a right to modify his amendment, and he modifies it by striking out "10" and inserting "15."

Mr. TYDINGS. Mr. President, the bill before us is a housing bill and a slum-clearance bill, and that is all it is, and certainly, if it is a slum-clearance bill, where the slums are is the place to which we should address the expenditure of the money.

There is no doubt in the world that the largest city in the Union, New York, because of its great size, will be entitled to, and should receive, a large portion of any funds appropriated for slum clearance. On the other hand, it should not be forgotten that there are other large cities in the country where slums also exist, and where an equitable proportion of the money should be expended. It seems to me, therefore, that the proposition to divide up the money just by States on a basis of population overlooks the tremendous objective to which the proposed legislation is directed. On the other hand, a limitation of 15 percent as a maximum to any one State does put a limitation upon all the money being used as a local rather than a national activity.

I ask the attention of the Senator from Louisiana to the figures. I do not believe many Senators have had an opportunity of analyzing the bill. One reason why there should be a limitation on the money to be expended in any one State is the fact that the Government is going to lend $700,000,000, is going to lend it in 3 years, and then it will be gone, and there will stand an obligation against the Treasury of the United States.

We have provided in the bill that, in addition to lending the money, the Government shall pay its part of the rent of

the houses when they are built and occupied for as long as 60 years. After the money is loaned, after the house is erected, after the Government has put up all of the money, $700,000,000, the obligation of the Government does not stop. Under the bill, for as long as 60 years the Government must then pay a monthly subsidy to the tenant equal to 3½ percent per annum of $700,000,000.

Now, let us break that down. It has been said that this money is only being loaned, that it is all to be returned to the Treasury. I say that is not true, and I can prove it, I think, beyond the peradventure of a doubt.

The bonds of the Government will be sold, and we will assume that they are sold on a basis of 2½ or 3 or 3½ percent. The Government immediately is charged with 2½ or 3 or 3½ percent annual interest on the loans. The only security for the loans is the houses which are built in the place of slums, and the rents that come therefrom.

How are the rents to be fixed? The Senator from New York yesterday said that a limit of cost of a thousand dollars per room was too small, that in New York City rooms could not be built for a thousand dollars a room.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TYDINGS. Not in every case, but in some cases.

Mr. WAGNER. I am going to refer to something else, also.

Mr. TYDINGS. I have only 15 minutes.

Mr. WAGNER. In addition to the project itself being security for the loan, the Government may also require the bonds of the locality, as in the case of every other such loan the Government has made.

Mr. TYDINGS. It may.

Mr. WAGNER. But we have to trust that the authority is going to get all the security needed for the loans.

Mr. TYDINGS. Mr. President, I do not want to be contentious, but I doubt very much whether many municipal bonds will be put up as security for these loans. Be that as it may, however, the Senator from New York and Mr. Post, in the pamphlet that was passed around among Senators, said that we ought to have a limitation, not of $1,000 a room but of $1,750 a room. Keep that figure in mind.

Let us build a house, and let us build it at a cost of $1,750 a room. How much would it cost? Four rooms, then, will cost $7,000, and the annual rent on a 10-percent basis, according to my calculation, would be $700. The Government subsidy paid to the tenant would be $245 a year. That would leave the tenant to pay $455 a year, or $38 a month. That $38 a month is after the Government contributes 3½ percent of the total cost of the house and the subsidy for 60 years.

Where does that bring us? First of all, the bill provides that the house must be occupied by a person earning $50 or $60 or $70 a month. Query: Can a man making $70 a month pay the Government $38 a month, which he will have to pay, even with the Government subsidy?

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I desire to conclude, but I yield.

Mr. ELLENDER. Has the Senator made a study of the table that I referred to a few minutes ago and that will be found on page 13 of the report accompanying the bill?

Mr. TYDINGS. No; I have not.

Mr. ELLENDER. It is a pity the Senator has not done so.

Mr. TYDINGS. I have made some study, and it is a pity that some other Senators did not make one on their own initiative, instead of accepting the figures of people who have a personal interest in the enactment of the pending bill.

Mr. ELLENDER. I have checked the figures presented by me to the Senate, and I am convinced that they are accurate.

Mr. TYDINGS. If the Government gives a 3½-percent subsidy to the tenant in these rooms, then the Government gives to the tenant the equivalent interest that it would receive from the borrower to pay the interest on a national obligation. We cannot get away from that.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ELLENDER. Is it not provided that the current or established rate of interest at the time the loan is made shall be paid by the borrower?

Mr. TYDINGS. Yes; but if he pays you, and you give it back to him again, then you still must raise the money to pay the interest on the bonds that the public holds.

Mr. ELLENDER. Mr. President, this table shows——

Mr. TYDINGS. Let me finish.

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I decline to yield because my time is limited. If I had more than 15 minutes, I should be delighted to yield to the Senator from Louisiana.

There can be no question that the Government cannot give to these tenants 3½ percent in a rent subsidy, which is equivalent to the interest which these bonds will earn, and have the money in the Treasury to pay the interest on the bonds at the same time. If one needs 3½ dollars to pay a debt, and he gets those 3½ dollars in his hand, and then he gives away the 3½ dollars to someone, he does not have the 3½ dollars. And that does not take into consideration the sinking-fund requirement. How long do these bonds run, I will ask the Senator from Louisiana?

Mr. ELLENDER. Sixty years.

Mr. TYDINGS. Sixty years. Very well. How much will we pay a year? Let us say that we shall probably pay 2 percent a year.

Mr. ELLENDER. I refer the Senator from Maryland to the table to which I previously referred, and I am sure he can get his answer from that table. I am sorry that the Senator was not in the Chamber the entire time that I presented my argument. I gave in detail the monthly rent, per room, costing $1,000.

Mr. TYDINGS. At any rate, the Senator will not contend that the Government is not authorized under this bill to contribute 3½ percent of the total cost of these projects in the form of a rent subsidy?

Mr. ELLENDER. The limit is $20,000,000 per annum.

Mr. TYDINGS. That is all right. Three percent of $700,000,000 is $21,000,000.

Mr. ELLENDER. Three percent. Correct.

Mr. TYDINGS. That is what I am talking about. Three percent of $700,000,000 is $21,000,000. So the reason there ought to be a limitation providing that no one State shall get all of this money is because, as this bill is drawn, it is not unreasonable to assume that sufficient revenue will not be received from these projects or from the municipalities that get them to pay off this obligation.

If the Federal Government wants to give away $700,000,000 for slum clearance that is one thing, but Senators ought to realize that under this bill as it is drawn the probabilities are that the Government will not receive from these houses either the interest or the sinking fund requirement, because, in the first place, we are providing that the tenants shall be persons who do not earn more than $60 or $70 a month, who cannot earn more than that, and, on the other hand, we are building a house which in many cases must rent for $38 a month even after the Government has given its subsidy. Here is a man making $60 or $70 a month—one of the poor, for whom we all cry and for whom all our hearts bleed, and we are going to put him in a house and ask him to pay a rent of at least $38 a month, after the Government has made a liberal contribution to his rent, if the property is going to be repaired, kept insured, and operated.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield; and I shall be delighted to yield, but I request Senators to ask me questions, and as briefly as possible, so that I may finish my argument.

Mr. WAGNER. The Senator can take it from my time.

Mr. TYDINGS. I cannot do that.

Mr. WAGNER. The Senator keeps reiterating; and I do not think it is fair to the municipalities, that this particular money which is to be borrowed for the purpose of clearing

slums is not going to be repaid by the municipalities; and I appeal to the Senator not to constantly indict the municipalities of our country and say that they are going to default on their loans.

Mr. TYDINGS. I understand what the Senator wants. I will clear that up right now. The Senator is not asking me a question.

Mr. WAGNER. May I ask the Senator whether it is not true that the record of the R. F. C. on loans made to municipalities, and the record of the P. W. A. on loans made to municipalities, is 100-percent repayment of the loans, and that, as a matter of fact, in some cases the Government has made money?

Mr. TYDINGS. That is true.

Mr. WAGNER. Why would it not be true in this case?

Mr. TYDINGS. The R. F. C. is not subsidizing those who borrow the money by giving them back the interest. The R. F. C. is demanding 115 cents of security to get a dollar, and then it is collecting the interest, and then it is putting in management. Under this bill we do not require any more security in the first instance than the buildings themselves, and then when we get the interest on the loan which we have guaranteed we turn around and pledge ourselves to give it to these tenants for 60 years as a subsidy. How in the name of common sense can we give the interest back to those who are living in these houses and pay the interest on the bonds at the same time? How are we going to have our sinking fund?

I do not want to throw cold water on the slum-clearance proposition, but if that is not the naked truth, as written into this bill, then I cannot read the English language.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. Does the Senator mean to say that the taxpayer will be taxed to pay 3½ percent on $700,000,000 for 60 years, and then also pay the retirement requirements and amortization?

Mr. TYDINGS. Let me answer the Senator by saying that already we are contributing $21,000,000 under the terms of this very bill, in black and white, in plain English; to be used by the authority to give a subsidy to the tenants in the houses; so that with what they are able to pay, plus what the Government gives them, they can pay the rent. So that the whole $21,000,000 is given away by the Government this year, and that is the equivalent of 3 percent on $700,000,000.

Mr. SHIPSTEAD. And it will take $20,000,000 a year for 60 years at that rate?

Mr. TYDINGS. Yes; that is correct. We authorize the authority to make contracts up to 60 years in the future; and to contribute 3½ percent of the total cost of the building as a subsidy to reduce the rent. True, the authority can, in the first instance, make contracts for 20 years only, but the power is given in the bill to extend those contracts in 10-year periods, after the first 20 years, for a maximum of 60 years.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BORAH. The Senator's argument seems to me to go against passing this bill at all.

Mr. TYDINGS. It is practically that as the bill is written, as I see it.

Mr. BORAH. How would limiting its terms, according to the Senator's argument, remedy the situation?

Mr. TYDINGS. I shall be glad to answer that question. If the bill is going to be passed, anyway, in spite of the facts I have brought out, then all the more reason exists why no community should make a local project out of it, and the whole National Government should be out $700,000,000. If we are going to do it in this way, then all the more reason exists why it ought to be a national rather than a local problem.

The PRESIDING OFFICER. The time of the Senator from Maryland has expired.

The question is on the amendment of the junior Senator from Colorado [Mr. JOHNSON] to the amendment of the senior Senator from Colorado [Mr. ADAMS].

Mr. BORAH. Mr. President, I merely wish to have some further information from the Senator from Maryland. The Senator from Maryland has made a powerful indictment against this bill. I do not care for the State of Idaho to share in that kind of thing; but I do not see anything in his amendment except the fact that he is dividing up the figures so that all the States will have a part of the spoils and at the same time share a part of the obligations.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. TYDINGS. That was not my intention.

Mr. BORAH. I know that was not the intention, but is that not the effect of it? Let me say further that I want to support a bill if I can find it in proper terms, to help clear up slums in the city of New York and other cities. I know perfectly well it is not going to benefit the portion of the country from which I come. I do not expect that; I do not seek it, and I do not think the people out there are seeking it. But I do not want to go on a wild-goose chase with reference to slums, and in a few years have loaded on my portion of the country at least, by reason of my vote, a perfect failure. It seems to me the Senator's substitute does not cure that situation.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. TYDINGS. The Senator will notice that yesterday I voted with the Senator from Virginia in the hope that we could hold these prospective rentals down to a figure which would not make the analysis which I have just made possible, and I am doing everything I can to throw additional safeguards around the bill, and I may finally vote either for or against it, depending upon how it stands at the time of its completion. But what we are dealing with now is a certain provision of the bill, and as it stands all the money could be spent in one or two States. I do not say it would. To my way of thinking that is wrong.

Mr. BORAH. Is it wrong? New York City has its slum situation, and if we go into slum clearance a tremendous effort will be required and a tremendous amount of money will be required.

Mr. TYDINGS. That is correct.

Mr. BORAH. Why go into it upon a basis which will not effectuate any real results?

Mr. TYDINGS. If the Senator will yield to allow me to answer that question, the Senator knows that, if we spend every single, solitary dollar of this money in New York, it would only provide for 175,000 families.

Mr. BORAH. Exactly. I listened to that presentation very attentively because that, it seems to me, is the most powerful argument made against the measure. After we have done what we are proposing to do we have really gotten nowhere.

Mr. TYDINGS. That is correct.

Mr. GLASS. Mr. President, may I ask the Senator from Idaho upon what recognized theory of government it ever became the business of the National Government here in Washington to tax all the American people to clear up slums in certain specified parts of the country?

Mr. BORAH. I do not know just when that was initiated.

Mr. GLASS. Well, I know when it ought to be stopped.

Mr. BORAH. Mr. President, I rose to obtain from the Senator from Maryland an explanation of his amendment so as to determine for myself whether or not in voting for the amendment I would really minimize any of the evils which he has so graphically presented.

Mr. TYDINGS. Mr. President, will the Senator allow me to make a brief comment there?

Mr. BORAH. Yes.

Mr. TYDINGS. I do not claim that the amendment that is now pending would eliminate the evils, but I do claim that if the amendment should be adopted, and if the bill as

now constituted and framed should be passed and put into operation, and what I think will happen should happen, at least the $700,000,000 will not have become a local project, and whatever benefit there may be from demonstration otherwise will afford a useful lesson all over the country; whereas if the amendment should not be adopted, it is perfectly possible that the whole lesson may be lost in one locality. I think it is too good a lesson to have one locality either know or not know.

Mr. ELLENDER. Mr. President, will the Senator from Idaho permit me to ask the Senator from Maryland a question?

Mr. BORAH. I yield.

Mr. ELLENDER. Will the Senator from Maryland break down the 10 percent that he is speaking about?

Mr. TYDINGS. I will be glad to do so.

Mr. ELLENDER. What part of that 10 percent goes toward interest and what part goes toward repairs, and so forth? I would be very much obliged to the Senator if he will consent to place that information in the RECORD.

Mr. TYDINGS. I have not that information available, but, if the Senator would like to have it, I would be very glad to put the complete breakdown in the RECORD. Let me ask the Senator, however, is it intended that the Government shall heat and light these buildings?

Mr. ELLENDER. I did not understand the Senator.

Mr. TYDINGS. Is it intended that the Government shall furnish water, and heat and light the buildings?

Mr. ELLENDER. It is intended that the local authority shall furnish hot water and heat and shall make a charge therefor.

Mr. TYDINGS. How much does the Senator estimate it will cost to heat one of these rooms? I want to see how the Senator has broken it down.

Mr. ELLENDER. The estimated cost is $10 per year per room. I have taken the figures given to the committee.

Mr. TYDINGS. By whom?

Mr. ELLENDER. By Mr. Gray and Mr. Vinton.

Mr. TYDINGS. Who is Mr. Gray and who is Mr. Vinton?

Mr. ELLENDER. They are connected with the housing department here in Washington, I believe.

Mr. TYDINGS. What experience have they had?

Mr. ELLENDER. I have no personal knowledge, but——

Mr. TYDINGS. Then I do not think they are good witnesses.

Mr. BARKLEY. Mr. President, if the Senator from Idaho will yield, let me say that Mr. Gray is the head of the Housing Division of the Public Works Administration. That is what his connection is, and he has been in charge of all public works that have been carried out under that department. Mr. Vinton is Chief of Research, Division of Suburban Resettlement, Resettlement Administration.

Mr. ELLENDER. I thank the Senator from Kentucky for this information.

Mr. BORAH. Why bring that up?

Mr. ELLENDER. Mr. President, will the Senator from Maryland furnish the information that I requested of him?

Mr. LOGAN. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LOGAN. I understand the Senator from Maryland and the Senator from Louisiana both have used up their time, as announced by the Chair. So I think that someone else is entitled to the floor.

The PRESIDING OFFICER. The floor was being occupied by the Senator from Idaho. The Senator from Idaho yielded both to the Senator from Maryland and to the Senator from Louisiana.

Mr. JOHNSON of Colorado. Mr. President——

The PRESIDING OFFICER. The Senator from Colorado.

Mr. LOGAN. Mr. President, I make a further point of order. I desire to know if a Senator can occupy the floor after the Senator who yielded to him has surrendered the floor? The Senator from Idaho took his seat, but the Senator from Louisiana was still insisting that the Senator from Maryland proceed, and the Senator from Maryland had risen, and the two Senators were starting at it again when I made the point of order.

The PRESIDING OFFICER. The Chair recognized the Senator from Idaho. When that Senator took his seat and surrendered the floor the Chair recognized the Senator from Colorado.

Mr. JOHNSON of Colorado. Mr. President, I earnestly hope——

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Minnesota?

Mr. SHIPSTEAD. I wish to ask the Senator from Maryland a question, if I may have the floor.

Mr. JOHNSON of Colorado. I will occupy the floor only for a few moments.

Mr. SHIPSTEAD. Very well; I will wait.

Mr. JOHNSON of Colorado. Mr. President, I have a very brief statement to make. I hope the substitute amendment offered by the Senator from Maryland will not prevail for the reason that under his amendment seven States would use up all this fund.

Mr. LOGAN. Mr. President, I desire to make another point of order. The Senator from Colorado has made one speech and under the unanimous-consent agreement, which is in force, I make the point of order that he cannot now make another one.

The PRESIDING OFFICER. The Chair is advised that the Senator from Colorado has already spoken on the pending amendment.

Mr. JOHNSON of Colorado. On my amendment but not on the substitute amendment. I am now speaking on the substitute amendment. In any event, I did not use my time on the bill, and I will now take time on the bill.

The PRESIDING OFFICER. The Senator from Colorado is speaking on the bill?

Mr. JOHNSON of Colorado. Yes, sir.

The PRESIDING OFFICER. The Senator from Colorado may proceed.

Mr. JOHNSON of Colorado. Mr. President, as I was saying, I hope the substitute amendment submitted by the Senator from Maryland will not prevail for the reason that under it seven States could receive all the benefits. Under the original amendment submitted by the Senator from Colorado all the 48 States—North Carolina, Florida, Colorado, New Mexico, and all the others—as well as the District of Columbia would have an opportunity to come under the bill and make their applications. There is no money allocated to them, but they may make their applications, and if they can comply with the requirements of the authority they can get the money. The use of the funds would not be confined to seven States, as would be the case if the substitute amendment submitted by the Senator from Maryland were adopted. I hope therefore his amendment may be defeated.

Mr. SHIPSTEAD. Mr. President, I wish to know if I understood the Senator from Maryland correctly a while ago. I believe he said that it had been stated during the debate that if all of the $700,000,000 were spent in the city of New York it would only take care of 175,000 families. Is that correct?

Mr. TYDINGS. If the Senator will let me break that down, I will be glad to answer the question.

Mr. SHIPSTEAD. I yield.

Mr. TYDINGS. The bill proposes an expenditure of $700,000,000 for this purpose. At a cost of $1,000 a room that would provide 700,000 rooms. If there were two rooms to a family it would provide for 350,000 families; if there were three rooms to a family, it would provide for 233,333 families; if there were four rooms to a family—and heaven knows there will not be much slum clearance unless there are four rooms to a family—it would provide for only 175,000 families at only $1,000 a room, when the pamphlet we have here this morning says that we ought to allow $1,750 a room, in which event,

instead of 175,000 families, we would only provide for 100,000 families with $700,000,000 without the subsidy. That is only the first cost. Then the subsidy runs along for 60 years in addition to that. No one will dispute that on the floor of the Senate, I think.

Mr. SHIPSTEAD. Can the Senator give us any information as to how many families are living in the slums and are needing relief?

Mr. TYDINGS. I do not think anyone knows.

Mr. SHIPSTEAD. No estimate has been made.

Mr. TYDINGS. No estimate has been made insofar as I have been able to find. No survey has been made at all. We just know that we have slums and are going to start to help the millions who live in the slums by taking care of 100,000 of them first.

Mr. SHIPSTEAD. There are slums in Washington. Can anyone give us any information as to how many families live in the slums here and how much it would cost to eliminate the slums?

Mr. TYDINGS. One estimate is that of the President, who said that one-third of the people of the United States are underhoused, underfed, and underclothed. That means that there are, roughly, about 9,000,000 families in that condition, and the bill will take care of 100,000 of them.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WALSH. It appeared during the testimony of the present mayor of New York—not the next mayor of New York, the Senior Senator [Mr. COPELAND]—that the cost of the elimination of the slums in New York City ultimately might cost $1,000,000,000 and for the whole country as much as $15,000,000,000.

Mr. SHIPSTEAD. Did the Senator say "billion dollars?"

Mr. WALSH. Yes; in New York City alone.

Mr. GLASS. Mr. President, is the Senator from Minnesota frightened at the use of the term "billion?"

Mr. SHIPSTEAD. I am beginning to be afraid of it.

Mr. COPELAND. Mr. President——

Mr. TYDINGS. Will the Senator from Minnesota yield to me for a question before he takes his seat?

Mr. SHIPSTEAD. I yield.

Mr. COPELAND. I yield for a question.

The PRESIDING OFFICER. The Senator from Minnesota [Mr. SHIPSTEAD] had the floor and the Chair understands surrendered the floor. Before recognizing the Senator from New York the Chair desires to state that the Senator from Colorado [Mr. JOHNSON] withdraws the perfecting amendment he offered to the amendment of his colleague, and the question now is on the substitute amendment offered by the Senator from Maryland for the amendment proposed by the Senator from Colorado [Mr. ADAMS].

Mr. COPELAND. It is about that that I wish to say something. I think the Senator from Maryland was out of the Chamber a moment ago when I raised this point. The test should not be population; the test should be the number of persons who can be accommodated by the buildings erected to take the place of slums.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. COPELAND. Yes.

Mr. TYDINGS. The Senator will recall that my modified substitute does not deal with population. All it deals with is the provision that no State shall receive more than 15 percent of the $700,000,000.

Mr. COPELAND. Will the Senator change that to 20 percent? The reason I ask it is because in New York City, undoubtedly, it will cost twice as much per room to meet the fire requirements and the building standards and the prevailing wage as it will in a small city or in a rural district.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. COPELAND. Yes.

Mr. TYDINGS. Knowing the Senator's great interest in humanity, medically as well as from other standpoints, I may say that if the Senator should offer an amendment to increase the limit of 15 percent to 20 percent, in view of my own knowledge of what a great city New York is and the terrific problem that exists there beyond that which exists in all other parts of the country, I do not believe I would be inclined to oppose it.

Mr. COPELAND. I think the Senator should be generous and accept it himself, because, frankly, I do not want any restriction placed at all. I want to leave it to the authority.

Mr. TYDINGS. If I accept 20 percent, will the Senator then help us to get the amendment in the bill?

Mr. COPELAND. I am not going to promise that [laughter], but I hope the Senator will make it 20 percent.

Mr. TYDINGS. Mr. President, I do not know certainly, but I hardly think I could quote the junior Senator from New York. So, rather than to take additional time with this particular provision, if the sponsor of this bill, together with the senior Senator from New York, would be satisfied with a 20-percent limitation, I would not be inclined to quarrel over the 5-percent increase. I recognize the fact that New York City particularly needs this help more than does any other part of the country, but I still maintain that there ought to be a limitation somewhat in line with the one I have suggested.

Mr. COPELAND. I do not see my colleague in the Chamber.

Mr. TYDINGS. Mr. President, I will modify my amendment again and make it read 20 percent instead of 15 percent.

The PRESIDING OFFICER. The Senator from Maryland modifies his amendment by changing 15 percent to 20 percent. The question is on the modified amendment of the Senator from Maryland in the nature of a substitute for the amendment of the Senator from Colorado [Mr. ADAMS].

Mr. WALSH. Mr. President, the able Senator from Minnesota [Mr. SHIPSTEAD] made a pertinent inquiry recently with reference to the number of slums throughout the country. I invite attention to the report of the committee on the pending bill, in which the following statement will be found on page 6:

> It is now a matter of general agreement that even before the depression commenced over 10,000,000 families in America, or more than 40,000,000 people, were subjected to housing conditions that did not adequately protect their health and safety. These unfortunate circumstances have been neither exclusively urban nor exclusively rural. The Department of Commerce Real Property Inventory of 1934, covering 2,400,000 family dwelling units in 64 representative cities, found that almost one-fifth of them were either definitely bad, though not beyond repair, or totally unfit for human occupation. In a governmental survey of rural housing, made last year, it was discovered that in over half of the American States four out of five of the rural homes had no running water and three out of four neither gas nor electricity.

Mr. Gray of the P. W. A. housing department testified before the committee as follows:

> There is an urgent need for an immediate and extensive public program of slum clearance and housing for families of low income. It is generally recognized that there is a serious housing shortage in this country and that this condition is becoming more acute from month to month. In its report on the Wagner bill last year, your committee expressed approval of an estimate which placed the number of dwelling units needed in the next 10 years, to meet minimum physical standards and maintain family occupancy standards as of 1930, at approximately 13,000,000, or 1,300,000 units yearly. Of this number I believe at least one-third, of 435,000 units yearly, are needed for families of low income. A precise estimate is unnecessary, however, because the need is obviously much greater, on whatever basis estimated, than we can reasonably hope to meet within the next few years through the activities of both private and public agencies.

Other testimony was as follows:

> Senator DAVIS. What I was trying to get through my mind was how much do you suppose it would cost the city of New York and the United States Government to clear up the whole housing program of New York City—that is, to enable us to have housing sufficient to house everybody that is now living in what we might term tenements or slums?
>
> Mayor LAGUARDIA. To do a perfect job?
>
> Senator DAVIS. Yes.
>
> Mayor LAGUARDIA. A little over a billion dollars.

Senator DAVIS. Now, you said here just a moment ago that practically every city is in the same condition that New York is in.

Mayor LAGUARDIA. That is right.

Senator DAVIS. I agree with you, because in the last 25 years I have traveled in every city in the United States, and I have a very good impression as to what the situation is. What would you suppose would be the cost of doing this job all over the country?

Mayor LAGUARDIA. Why, an enormous cost; but I can tell you what the cost will be if we do not do anything. I think if we do nothing about it the cost will be tremendous in an increase in tuberculosis, in an increase in epidemic diseases, and so forth.

Senator DAVIS. I agree with you on that, but I was just trying to get into my own mind the cost. I know what the general cost would be.

Senator WALSH. I have an impression that last year the estimate was about $15,000,000,000.

Senator WAGNER. The entire cost. England started about as modestly as we are starting here, and it grew and grew; but if we do not do anything we are going to have a sad day.

Senator WALSH. Is that not the figure that appeared in the testimony last year, that it would cost about fifteen or twenty billion dollars?

Senator WAGNER. To do the whole thing, of course, which we are not attempting to do as yet. That is about what it was estimated.

Senator WALSH. Applying the same situation that exists in New York to all the cities in the country the amount would be in that vicinity.

Senator WAGNER. Yes.

Mr. President, while I am on my feet I should like to call attention to another matter which has been under discussion here, namely, the question of the percentage of the income of persons of low income which they are obliged to pay for rent. As the Senate well knows I have been insisting upon provisions being incorporated in the bill which would require this particular group and the very lowest income class of our population to have the benefit of the housing facilities to be provided under the terms of the bill.

I have in my hand a table showing the average monthly expenditures for rent and the percentage of the income spent for rent for all family types in various cities at income levels from $500 to $750 per year and from $750 to $1,000 per year, sent to me by the Bureau of Labor Statistics, which, in a moment, I shall ask to have inserted in the RECORD.

The table shows that the average rent per month of a family in Chicago, whose income is between $500 and $750 per annum, for whites, is $22.90. The rent, therefore, represents 43.9 percent of their total income. The bill provides housing facilities for families of low income whose income is equal to five times the amount of the rent to be charged and that such families, namely, those with incomes less than $750, shall be given preference in the occupation of the tenements. Criticism has been directed at efforts to fix the proportion 4, or even 3, to 1, namely, that the people who may get the tenements shall be those who have an income only four or three times the amount of what their rent will be. Here are figures which show that white families in Chicago pay 43 percent of their income in rent.

Let us see now about the Negro. In New York City the Negro with an income of $500 to $750 pays in rent $30.50, or 55 percent of his income in rent.

Let us consider the group of incomes between $750 and $1,000.

In Chicago white families with an income of $750 to $1,000 pay $22.70 in rent, or 31.2 percent of their total income in rent.

Taking one of the smaller cities of the West, Billings, Mont., families with an income of $500 to $750 average $21.40 per month for rent, or 41.2 percent of their total income. In Dubuque, Iowa, they pay $19.30 per month in rent, or 27.2 percent of their total income.

I ask that the table may be inserted in the RECORD at this point for the purpose of indicating the importance of having all persons of the very lowest incomes who now pay the highest percentage of their incomes for rent given the benefit of the provisions of the bill.

There being no objection the table was ordered to be printed in the RECORD, as follows:

TABLE II.—*Average monthly rent and percent of income spent for rent, all family types and all occupations, at income levels, $500 to $750 and $750 to $1,000, for selected cities, 1935–36*

Cities	Income of $500 to $750		Income of $750 to $1,000	
	Average rent per month	Percent of total income	Average rent per month	Percent of total income
Metropolis:				
Chicago (white)	$22.90	43.9	$22.70	31.2
New York (Negro)	30.50	55.0	29.90	40.9
Large cities:				
Atlanta:				
White	13.60	25.9	14.90	20.6
Negro	10.60	20.4	11.80	16.6
Columbus (Negro)	14.00	26.7	15.80	21.9
Denver	18.30	34.0	17.90	24.5
Omaha	17.60	32.8	18.10	24.4
Portland	15.80	29.7	16.30	22.2
Providence	18.20	34.9	18.50	25.6
Middle-size cities:				
Aberdeen	13.00	24.1	13.40	18.1
Bellingham	12.50	23.8	12.80	17.3
Butte	19.30	35.1	18.40	25.3
Columbia:				
White	11.00	20.7	13.60	18.9
Negro	9.30	18.1	10.40	14.8
Dubuque	14.70	27.2	14.80	20.4
Everett	14.60	27.0	14.60	19.7
Haverhill	20.70	38.8	21.40	29.4
Mobile:				
White	12.50	24.0	13.90	19.4
Negro	8.30	16.3	9.10	12.9
Muncie	13.90	25.8	14.50	19.8
New Britain	15.40	28.1	16.40	22.4
Pueblo	13.10	24.4	14.00	19.1
Springfield, Ill	16.90	32.3	18.10	24.8
Springfield, Mo	11.60	22.1	13.10	18.0
Small-size cities:				
Albany:				
White	10.70	20.4	12.60	17.4
Negro	6.70	13.2	7.00	10.2
Beaver Falls	14.50	26.9	16.30	22.2
Billings	21.40	41.2	20.80	28.0
Connellsville	16.20	30.4	14.70	20.4
Gastonia:				
White	6.80	12.9	8.00	11.0
Negro	6.70	13.6	7.80	11.0
Logansport	11.00	21.2	11.80	16.4
Mattoon	12.70	24.6	12.90	17.8
New Castle	16.90	31.7	16.60	22.7
Peru	11.60	21.8	12.60	17.2
Wallingford	19.10	34.9	17.50	24.3
Willimantic	14.80	27.4	16.10	22.1

Mr. WALSH. I ask also to have printed in the RECORD at this point a table which the able Senator from Florida [Mr. PEPPER] had inserted in the RECORD a few days ago, but which should be repeated in connection with what I have said about the percentage of rent paid by those of low incomes. This table gives the average income of the lowest wage earners and producers in the United States. It shows that 10 percent of the population have incomes of less than $500, 39.8 percent have incomes of less than $1,000, and 80.7 percent of the people of the United States have incomes of less than $2,000.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

General incomes in the United States

1929	Percent of population	Percent of national income
$500	10.4	7.1
$1,000	39.8	12.9
$2,000	80.7	43.3
$2,500	88.4	52.3
$3,000	91.7	57.0
$4,000	94.9	62.7
$5,000	96.4	66.2
$6,000	97.2	68.7
$7,000	97.8	70.6
$8,000	98.2	72.1
$9,000	98.5	73.4
$10,000	98.7	74.5
$15,000	99.2	78.2
$20,000	99.5	80.5
$25,000	99.6	82.0
$30,000	99.7	83.2
$40,000	99.8	84.9
$50,000	99.86	86.1
$100,000	99.95	89.4
Over $100,000	.05	10.6

Farmers' incomes in the United States

Amount	Percentage of farmers	Percentage of total farmers' incomes in United States
$500	30	8.6
$1,000	63.4	32
$2,000	88.8	66.3
$2,500	93.8	77.3
$3,000	96.1	83.4
$4,000	98.3	90.5
$5,000	99.2	94.6
$6,000	99.6	96.5
$8,000	99.86	97.4
$10,000	99.94	99.1
$15,000	99.99	99.5

Six hundred and fifty thousand farms covering 100,000,000 acres operated by over 500,000 farmers, where the farms are too poor to make possible the earning of a decent living.

Forty-two percent of the total farm population is tenants; over 10 percent rent land in addition to that that they own; 47 percent of the farmers own their own land.

From 1930 to 1935 there was over 200,000 increase in the number of tenant farmers in the United States.

AGRICULTURAL RELIEF

Mr. HARRISON. Mr. President, I want to get some information, if I can. I suppose the only source of the information will be the distinguished Senator from Kentucky [Mr. BARKLEY] or the senior Senator from South Carolina [Mr. SMITH].

A few moments ago a petition was presented to me, as it has been presented to other Senators. I do not remember the exact wording of the petition.

Mr. BLACK. Mr. President, I should be glad to send the petition to the desk and have it read, so that the Senator may comment on it. I ask to have it read at the desk, together with the names attached.

Mr. HARRISON. I think it would be wise to have it read for the information of the Senate.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

We, the following Senators, believe that it would be unwise to wait until January 1 for Congress to begin to consider general farm legislation. In order to make preparations to carry out a farm plan, the farmers of the Nation should know of that plan before January 1.

A large proportion of the farmers of America make their plans and begin to prepare their soil during the autumn and winter months. Believing that it is imperative for farm legislation to be enacted, we further believe that congressional committees should make their studies and investigations and be able to report to this Congress by October 15, and that Congress should begin its consideration of such legislation at that time.

For these and other reasons we agree to use our best efforts to cause the reconvening of Congress by October 15 to enact farm legislation if such legislation is not enacted by that time.

Hugo L. Black, Theo. G. Bilbo, L. B. Schwellenbach, Allen J. Ellender, Carl A. Hatch, Geo. McGill, James E. Murray, Joseph F. Guffey, Fred H. Brown, Morris Sheppard, M. M. Logan, Claude Pepper, Tom Connally, Joseph C. O'Mahoney (without commitment as to vote), Robt. R. Reynolds, Geo. L. Berry, Herbert E. Hitchcock, Clyde L. Herring, James H. Hughes, H. H. Schwartz, Sherman Minton, E. C. Johnson, C. O. Andrews, Elbert D. Thomas, W. J. Bulow, H. T. Bone, M. M. Neely, Kenneth McKellar, Ernest Lundeen, Walter F. George, John H. Overton, Frederick Van Nuys, William H. Dieterich, Pat McCarran, Bennett Champ Clark, Key Pittman, Robert F. Wagner, Harry Truman, Robert M. La Follette, Henrik Shipstead, Arthur Capper.

Mr. HARRISON. Mr. President, when the petition was presented to me I did not sign it, making the statement that I wanted to look into it. I have been led to believe from remarks made on the floor of the Senate the other day by the Senator from South Carolina [Mr. SMITH], chairman of the Committee on Agriculture and Forestry, that that committee had adopted a resolution or passed an order to the effect that it was impossible, in view of the information before them, or the lack of information at hand, to report on proposed legislation at this session of Congress, and that they further agreed to go out among the farmers themselves and make a study of the problem and be able to report at the next session of Congress.

Personally, I should like to see a farm bill enacted at the present session of Congress if it were humanly possible to do so; but I see no reason for having the Senate or the Congress stay here if it is impossible to have the legislation enacted within a reasonable time. Not wishing to be placed in a false light, because of my name not being on the petition, some persons perhaps being led to believe that I am not in favor of farm legislation, I sought the floor in order to ascertain from the Senator from South Carolina [Mr. SMITH] if I was correct in the interpretation I placed upon his remarks the other day. I want to know just what is the situation; whether or not it is possible to pass a farm bill at this time, and what is the view of those who are in charge of the program with reference to this matter, so that it may be cleared up today on the floor of the Senate.

Before the Senator speaks, I may say that I am one of the Senators who do not believe in the formation of groups in this body. I believe it is best to handle things right out in the open, and not by petitions such as this one. I think we ought to have an understanding here on the floor of the Senate; and, if our minds can meet, we ought to see whether or not we can get together with those at the other end of the Capitol. I think that is the best way to formulate legislation and make a program.

Mr. SMITH. Mr. President, I was utterly astonished when I was apprised that there was being circulated a petition to the effect that either farm legislation should be passed at the present session, or Congress should be called back here on the 15th of October. It is hardly fair to the farmers of the country, who do not understand the situation, to do this thing.

The committee met and agreed that it was too late for any legislation at this session to affect the crop that is now coming on the market. In view of that fact, the members of the committee unanimously agreed that during the recess they would address themselves to an exhaustive study of the situation; that they would break away from the old custom of having hearings in Washington, and take the committee to the farmers themselves, explain what had been done and what was proposed to be done, and add to it whatever constructive suggestions were made by the farmers themselves.

I believe the idea of going to the farmers themselves was suggested by the Senator from Mississippi—I think I am correct in that statement—and that ample time should be given to study the problem; that we should stop the annual piecemeal attempt to solve it; that we should take our vacations, and then go to the fields themselves, and find out just what reaction we should get from the real farmers themselves.

Mr. HARRISON. Mr. President, I think the suggestion of going to the farmers themselves is a very wise one; but the Senator did not have me in mind?

Mr. SMITH. Oh, I beg pardon. When I said "the Senator from Mississippi", I meant the Honorable Mr. BILBO.

Mr. President, let us review the situation in a commonsense way. In 1933 we started, at my instance, a measure of crop control on this premise: Cotton was then selling for 6 cents a pound, not as much as half the cost of production. We had a surplus of some 13,000,000 bales. I conceived the idea that if the Government would buy the cotton at 6 cents a pound and sell it to the farmers in lieu of a new crop, the price would rise, and would repay the Government, and certainly would repay the farmer, for he would already have a crop purchased at less than half what it would cost him to make one, the Government merely holding it in trust for him. That was done. The farmers kept the faith. The Government bought the cotton, and the farmers did not reproduce it.

Next year, under the A. A. A., the Government inaugurated a compulsory reduction. The farmers agreed to it. We did not make enough cotton in that year to meet the

requirements of domestic and foreign commerce. The next year the Supreme Court decided that the A. A. A. was unconstitutional, and we passed the soil-conservation bill, giving benefit payments for the land that was not planted to cotton. The farmers responded to that; and for the 4 years the average production of American cotton has not been in excess of the domestic and foreign consumption. In fact, it has not been equal to it, because during those 4 years it was necessary to draw upon the 13,000,000-bale surplus to a point where that part of it now is only about 1,300,000 bales.

This year the Soil Conservation Act is in operation. There has been a slight increase, say, 10 percent, in the acreage devoted to cotton. Next week the Department of Agriculture will make an estimate of the production, and a little later on they will estimate the abandoned acreage. The bumper crops heretofore made were made on from 47,000,000 to 48,000,000 acres. The biggest crop ever made on that acreage was about seventeen and a half million bales. This year we have a total of a little less than 38,000,000 acres planted to cotton. No man can tell what the production will be. The season has been better than heretofore, but cotton is essentially a sun plant; and with an excess of rain, or an abundance of rain, it goes to weed at the expense of fruit.

I believe—and I hope everyone who hears me speak today will listen to this statement—that it is estimated that we shall have a 15,500,000-bale crop. I am of the opinion that whoever invests money upon this assumption will have a sad awakening.

But to come back to the situation as it now stands, we are asked to pass a general farm bill, the nature of which has already been presented to both committees, and has not met the approval of the committees. This is a tremendous problem; and it is to the everlasting shame of Congress that it has not devoted itself seriously as a body to studying the problem of agriculture as related to industry, and to try to formulate some law that would approximate the difference in compensation between the two.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. SMITH. I yield.

Mr. BORAH. This session of Congress convened in January. It is now several days after the first of August. Why has there been this delay in taking up the farm question during all this time?

Mr. SMITH. Simply because, in the opinion of most persons, there was no necessity for any additional farm legislation until we could get to the farmers themselves. We had the soil-erosion act, which I challenge any man here to read and say is not practically the A. A. A. The Senator from Idaho knows that it is. We are giving the farmers benefit payments. We are asking the farmers to cooperate; but I do not believe, and other Members of this body do not believe that we have ever yet touched the real, fundamental principle upon which the agricultural problem is to be solved.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. SHIPSTEAD. The Senator knows that I was unable to be in attendance on the Senate when the Committee on Agriculture and Forestry, of which the Senator from South Carolina is the chairman, considered the farm legislation. Therefore, I am going to ask the Senator for some information.

I tried to follow the reports in the newspapers during the consideration of the farm bill. As I understand, the farmers who came here, or those who represented the farmers, could not agree upon any form of change in agricultural legislation. Is that correct?

Mr. SMITH. That is absolutely correct.

Mr. SHIPSTEAD. If no agricultural legislation is passed at this session, am I correct when I say I believe that the soil-conservation program, with its benefit payments, will continue?

Mr. SMITH. To be sure. The appropriation has already been made, the machinery is at work, and the threat of a surplus is the result of Nature.

Mr. SHIPSTEAD. I am glad to have that information. I was under the impression that legislation for the benefit of the farmers was passed last year, was still in effect, and would continue in effect until other legislation had been passed to displace it.

Mr. SMITH. The soil erosion act is permanent legislation and $450,000,000 has been appropriated for the purpose of carrying it out.

Mr. SHIPSTEAD. That is what I assumed. When this petition was presented to me, I hesitated to sign it, but I was told that it was necessary in order to have something to prepare for next year's crop.

Mr. SMITH. Mr. President, in reply to that, let me tell the Senator that I think it is unfair to the Committee on Agriculture and Forestry to bring in a petition, when the committee have studied this problem, and are just as great friends of the farmer as are those who are circulating the petition. We are studying the problem, and doing the best we can to solve it. The farmer himself is only afraid of suffering because of the act of God. He has reduced his acreage, but he cannot control the seasons.

Mr. SHIPSTEAD. When the committee considered legislation, did they consider the repeal of the existing legislation?

Mr. SMITH. No; they just considered not taking up the bill which was brought to us, hand-made, perfected, and with the statement, "This is what we have." The committee really and honestly did not think it met the situation, nor did the committee at the other end of the Capitol think so. But they never lost sight of the fact that we must settle this problem somewhere constructively and permanently. I have been a member of the Senate for 30 years, and every year there is the farm problem.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BILBO. The Senator states that the bill brought before the committee was hand-made. Would be mind telling the Senate who was behind the formation of the bill?

Mr. SMITH. I tried to find out. I think Mr. Edward O'Neill was one, and a gentleman who bore a splendid name, a Mr. Smith, from Illinois, was another. I think they were the chief ones. I think the Secretary of Agriculture, with his ever-normal granary, was also in it. But even the so-called leaders of the farm organizations were not agreed on it. The fact is, they knocked it out at the other end of the Capitol.

Mr. BYRNES. Mr. President, will my colleague yield?

Mr. SMITH. I yield.

Mr. BYRNES. I know nothing about the petition which has been referred to, and which has been read; it certainly was not presented to me. I should like to ask my colleague whether the bill to which he refers provides for some control of the cotton crop other than that which is provided for under the existing law.

Mr. SMITH. Oh, yes.

Mr. BYRNES. I think my colleagues will agree with me that there is no Member of the Senate of the United States who has had at heart the interest of the cotton farmer more than has the senior Senator from South Carolina, my colleague, and the junior Senator from Alabama [Mr. BANKHEAD]. The junior Senator from Alabama is the only Senator to whom I have talked with reference to this bill. He stated he believed that it was against the interest of the cotton farmer.

Mr. SMITH. He so stated to me.

Mr. BYRNES. Is it now proposed that in the closing days of the session, and without any consideration, we should pass a bill which the junior Senator from Alabama believes is against the interest of the cotton farmer?

Mr. SMITH. Certainly; let us pass something and fool "Rube" again; that is all. [Laughter.]

Mr. BYRNES. Mr. President, I think that if anything is to be done, certainly consideration should be given to the measure and no action should be taken until the junior Senator from Alabama, who has some very positive ideas on the subject, and who has studied it, is given an opportunity to be heard.

Mr. SMITH. Mr. President, how many men in this body who have served with me can charge me with being derelict in my efforts to help the farmer?

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. SMITH. I did not know there was a time limit. I have just started. [Laughter.] How much time have I on the bill?

The PRESIDING OFFICER. The Senator has 10 minutes on the bill, if he desires to use it.

Mr. SMITH. Very well; I will use the 10 minutes.

Every Senator knows what this means. Some of the Members of the House and myself have just had a conference with the President. The idea of saying that it is necessary to prepare for planting and setting the crop in October. In my section we are not through picking cotton then. All of us understand what this means. What is the use trying to fool anyone? So long as I am in this body, what I believe I am going to say.

Mr. President, there is a law which empowers the Commodity Credit Corporation and the R. F. C. to meet this emergency, and to meet it fully. They wrote me a letter, which I put into the RECORD, to the effect that they had ample law and ample funds with which to meet the emergency when it arose. That is permanent legislation. Here is a crop coming on the market, being sold every day, and we are asked to meet here and pass a law—an ex-post-facto law—to control a crop that is already made and going on the market.

Mr. BILBO. Mr. President, where does the Senator get the idea that anyone suggested passing an ex-post-facto law?

Mr. SMITH. My legal terminology is about as limited as that of the average lawyer in this body. What I am driving at is that it is stated that we want a law that will control production. God has already controlled the production of this crop. It is already made. We propose to do everything we can to aid so that there will not be piled up disastrous surpluses. It may be we will have to work out in detail the Egyptian plan, Joseph's plan, the ever-normal granary. I do not know how that will work. But I want the Senate to understand that the Committee on Agriculture and Forestry, believing there was ample law to take care of any distress that might occur by virtue of this year's crop, pledged itself to try to frame legislation that would take care of the next year's crop. We did that in the Soil Erosion Act, and I still believe ample provision was made to take care of the crop. The proposals made in the bill to which my colleague has referred I believe would be repudiated by every cotton grower in the South. Cotton is distinct from grain. Fifty percent of it is exported. We have to take into consideration 50 percent of our output that has to be exported, while with grain practically the entire crop is domestically consumed, and lends itself more readily to legislation.

Mr. President, the Committee on Agriculture and Forestry has done its duty and is doing its duty, and I do not view with any degree of patience this attempt to create in the minds of the public the impression that we are not doing our duty, and not doing all we can to help the farmer. I want the farmer to judge who is his best friend, I myself, or those who are making this appearance. It is not fair to the committee, it is not fair to the farmer, it is not fair to anybody connected with farming.

Mr. President, I hope the Senate thoroughly understands that the Committee on Agriculture and Forestry is doing its best. My impression this morning was that the President would be thoroughly satisfied if assurance were given him, as I gave it to our leader, that when we meet in January a bill shall be considered and passed before the general seeding time in America. Why complicate the situation with this kind of procedure?

Mr. BLACK. Mr. President, the reason why the Senator from South Carolina [Mr. BYRNES] did not have the petition presented to him was because he had not been reached at the time the Senator from Mississippi [Mr. HARRISON] rose to make inquiries about the petition. The Senator from Mississippi had seen the petition. It was our intention to present it to each individual Member of the Senate. I wish to make that statement now, in order that it may be understood.

The object of the petition was not to cast any reflection upon any committee, and it is not meant to cast any reflection upon any committee. As a matter of fact, the petition bears the names of eight members of the Committee on Agriculture and Forestry. I have in my hand a telegram from my colleague the junior Senator from Alabama [Mr. BANKHEAD]. I will quote a part of what he said:

> I favor adjourning until November unless Congress is willing to remain in session an indefinite time while the two Houses are working out a new farm bill. I believe it would be well for you vigorously to fight the committee recess resolution. If it appears that Congress cannot be held there indefinitely to pass a farm bill, make a strong fight for recess to November, so as to get action on a farm bill by January. I will return there if needed.

We have the names of 40 Senators on the petition. I have just read my colleague's views with reference to the necessity for enacting legislation.

Mr. SMITH. Mr. President, he has changed his mind since he left.

Mr. BLACK. I wish to make the position perfectly clear. I have watched the Senator from South Carolina since I came to this body. I recall with very great pleasure the suggestion he made and the excellent work he did in connection with the legislation he referred to a while ago when the question came up as to buying the cotton crop. I said then, and I repeat now, that it was a masterful suggestion, and one which resulted in great good to the farmers of the South. I accepted his leadership, and I was glad to accept his leadership in that fight. He did an excellent job, as he has done many other excellent jobs. Whatever the Senator may think about the presentation of this petition, I now wish to disclaim any intention of casting any reflection upon him, or of questioning the genuineness or sincerity of his desire to help not only the farmers of the South but those throughout America.

However, the question which is now presented is one which does not call for refraining from action merely because my view might disagree with his, or his view might disagree with mine. Down in the South today cotton has slumped to about 10 cents a pound. Whether or not it has stopped at that price I do not know. I do know that if it should go to 8 cents a pound, the conditions would be disastrous. The average small farmer—what we in Alabama call a 1-mule farmer—will perhaps do well if he raises as many as 4 or 5 bales of cotton. It can easily be figured up, at 500 pounds to the bale, what that would mean so far as his income from cotton is concerned.

The situation is a serious one to us, Mr. President. The Senator from South Carolina, like myself, is, I know, disturbed about it. It is natural that men who have the same objective should at times disagree as to the exact method of accomplishing the purpose; but because there is a disagreement as to methods, or because some one might have a mistaken idea that action of a certain kind would not be proper in view of what some members of the committee thought, I am not willing to forget that cotton in Alabama and elsewhere in the South has slumped to 10 cents a pound for the farmer. I cannot forget that it may go lower.

The Senator from South Carolina and I and others from the South on numerous occasions have joined in an effort to obtain loans in order to peg the price of cotton.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. CONNALLY. Is it not true that at the present time the Commodity Credit Corporation has authority to make cotton loans?

Mr. BLACK. I am about to make a statement on that subject.

Mr. CONNALLY. And is it not true that it has the money and credit with which to do it?

Mr. BLACK. The Senator from Texas is correct; and I shall make a statement with respect to that matter right now.

Mr. CONNALLY. Congress has given that authority, and it is not the fault of Congress if the loans are not being made?

Mr. BLACK. That is correct.

As I stated, I have joined the Senator from South Carolina and other Senators from the South, and all of them have always cooperated in the effort to help the cotton farmer. There is no reason why all of them should not cooperate now in an effort to accomplish this purpose. There is no reason why there should be any disagreement between them as to methods which would prevent their going along together for objectives.

Mr. President, the law provides that the Commodity Credit Corporation may make loans. Under that law a loan might be made for 10 cents a pound or 12 cents a pound, or whatever amount was found to be wise. There is no question about that. However, those who are charged with responsibility for making the loans take the position—whether right or wrong is immaterial, so far as the cotton farmer is concerned—that they do not feel justified in making such loans now unless they have assurance from the Congress—not from 1 Member, not from 10 Members, not from 18 Members, not from 1 committee, but from Congress—that the proper legislation will be passed in order to protect the security which the Government receives when it makes the loans.

I will state what I mean by that. Various estimates, or "guesses", as my friend from South Carolina calls them, have been made that we may have fourteen and a half million or fifteen million or fifteen and a half million bales this year. Whatever the amount might be, if there should be a surplus and no steps should be taken to provide permanent legislation for succeeding years, those who have the authority to make the loans take the position that without assurance of the passage of a law their security would be so poor that they would not make the loans.

Let us concede that they are wrong in taking that position. At the same time, as the days pass by more cotton is picked and more farmers are compelled to sell their cotton at the price it brings on the market today.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BORAH. What is the law which those in authority to make the loans require Congress to pass? What are the provisions which they require to be incorporated into the law before they will make the loans?

Mr. BLACK. I cannot state definitely and positively the express terms which are required to be incorporated; but if the Senator read in the press, as he probably did, the interview with the President in reference to making the loans, he remembers the contention that heretofore when loans were made on cotton for the purpose of pegging the price, or when loans were made on corn for the purpose of pegging the price, there was in effect a law which controlled production. Therefore the position is taken that there was in effect at that time a law which would prevent such a large surplus coming on the market within the next year that the commodity as security would lose its value.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BYRNES. The Senator from Alabama will recall that in the closing days of the session in 1934 I proposed legislation to direct that loans be made. The administration took the view that there should be no legislation. At a conference at which the Senator from Alabama was present, we agreed upon a plan whereby the Commodity Credit Corporation did not lend 12 cents per pound, but loaned 10 cents per pound, with the agreement thereafter to pay to the farmer who sold his cotton the difference between the price at which he sold and 12 cents per pound.

Mr. CONNALLY. That was in 1935, not 1934.

Mr. BYRNES. If the year 1935 is satisfactory to the Senator from Texas, it is satisfactory to the Senator from South Carolina.

Mr. CONNALLY. I thought the Senator wanted to be accurate.

Mr. BYRNES. I do. It is eminently satisfactory to the Senator from South Carolina.

I desire to ask a question of the Senator from Alabama. We now have a law the purpose of which is to control production. The senior Senator from South Carolina [Mr. SMITH], my colleague, said that because of the unusual season it has not successfully controlled the production this year. Does the Senator from Alabama, however, believe that the administration has in mind any other control for which we could legislate which would enable the administration again to put in operation the plan which was agreed upon between the President, the Senator from Alabama, and myself, and others in 1935? It seems to me it could be done at this time—not to lend 12 cents, but to lend 10 cents or 9 cents, pay the farmer the difference, and then some control could be put into operation which would be successful, although at this moment we may not be prepared to pass legislation providing for it.

Mr. BLACK. Mr. President, I may say to the Senator that I do not know exactly what the plan is. I recall the long hours that all of us spent on it at that time.

Mr. BYRNES. The Senator from Texas [Mr. CONNALLY] was present.

Mr. BLACK. The Senator from Texas was present, and also the senior Senator from South Carolina and the senior Senator from Mississippi; we met, and finally went down to the White House.

I do not know exactly what plan can be adopted, but I may say to the Senator that, with all due deference to those who think differently—and they may be a hundred percent right and I may be a hundred percent wrong—it is my belief that the committee could have hearings adequate to enable them to consider the subject and to report a farm bill by October 15.

Mr. SMITH. Have hearings for what?

Mr. BLACK. To have hearings in order to determine what kind of farm legislation should be enacted; that is the usual purpose of hearings.

Mr. SMITH. Suppose that were done; in the meantime the cotton has all been sold.

Mr. BLACK. I certainly agree with the Senator, and it is for that reason that speedy action is desirable.

Mr. SMITH. And we have ample provision made as my colleague [Mr. BYRNES] has suggested to take care of the situation. Yet those who have the power will not trust the farmers while we propose to provide $700,000,000 and give it to people without any hope of return at all.

Mr. BLACK. Mr. President, so far as trusting the farmer is concerned, the numerous millions of farmers are not up here sitting with the committee; they are not up here in the Senate. It is not a question of trusting the farmers, but we know that, whether we trust them or not, if something is not done, the little cotton farmers of the South, in a very short time, will be selling their cotton for 10 cents a pound.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. BLACK. I yield to the Senator.

The PRESIDING OFFICER (Mr. MINTON in the chair). The time of the Senator from Alabama has expired.

Mr. BLACK. I will take 10 minutes on the bill, and I yield to the Senator from South Carolina for a question.

Mr. SMITH. Does not the Senator think, we having set up a body and given them money for this express purpose,

in case of a surplus or the menace of a surplus, that they should take charge of the situation and see that the crop is marketed in an orderly way?

Mr. BLACK. Mr. President, I am not quarrelling with anybody over what is anybody's duty, but let us assume it is the duty of the Commodity Credit Corporation to lend 10 cents a pound on cotton; the fact remains that the Commodity Credit Corporation are not doing it; the fact remains that the statement is made that they will not do it unless some assurance of legislation is given. It was for that reason that the junior Senator from Mississippi [Mr. BILBO] and myself day before yesterday introduced a joint resolution which would attempt to commit both bodies and not merely committees. I take the Senator's word for any statement he makes as to what he will do; I know he will do it if he can do it, but if both bodies bind themselves to do a thing it certainly will show the Commodity Credit Corporation, who take the position that they will not act unless they have an assurance of legislation, where the Congress stands. It will place the two bodies squarely on record in favor of the enactment of legislation by a certain time.

Mr. SMITH. Mr. President, will the Senator allow me to ask him one other question?

Mr. BLACK. Certainly.

Mr. SMITH. Then, this body that we have created and provided with ample capital allows the farmers of the South to be ruined unless we pass additional legislation that may or not save the Treasury a few dollars. Is that the Senator's position?

Mr. BLACK. Mr. President, I am not willing to go with the Senator in stating that a board which is vested with certain powers which it is to exercise according to its best judgment intends to ruin somebody. It was intended by the Congress——

Mr. SMITH. Mr. President, I challenge the statement that I said they intended to do it. I said they are doing it.

Mr. BLACK. Mr. President, will the Chair please take that out of my time. I did not yield.

Mr. President, I am not interested in any controversy with any Senator, and particularly a Senator from the South who wants to raise the price of cotton. I am not only not interested in such a controversy but I do not intend to engage in it. I intend, however, as also a representative of the South, to express my views with reference to what I think is necessary for the protection of the farmers. If it had been intended to require by law that the Commodity Credit Corporation lend money on a certain basis per pound, the Congress could have done it. The Congress, however, did not do it; the Congress left the discretion in the Corporation as to when it should lend the money and in what amount.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. CONNALLY. Does the Senator think that we could make the Corporation do it? He just said that we could.

Mr. BLACK. Yes, I think we could.

Mr. CONNALLY. Is not the Corporation an executive agency and can we not direct it?

Mr. BLACK. I think we can, yes; and may I say that on yesterday the Senator from Mississippi and myself——

Mr. CONNALLY. I am anxious to do it.

Mr. BLACK. I know the Senator is.

Mr. CONNALLY. But I was just wondering if we would have any authority to make them do it.

Mr. BLACK. The Senator is exactly in line with the ideas I have in trying to take care of the situation.

The Senator from Mississippi and I, day before yesterday, introduced a joint resolution requiring a loan of 12 cents a pound. That joint resolution is now pending before the Agricultural Committee. The Senator from Mississippi tells me that he has asked the chairman of the committee to have a hearing on the resolution. Of course, if both bodies should pass that joint resolution, and it should be signed by the President, then there would be a mandatory law which would require lending the money, but the situation that faces us now is that there is no mandatory law. I am not willing to say that the administrative officers are neglecting their duty when they exercise the discretion with which Congress vested them because they hold that under the present conditions the security is not adequate. Whether they hold that or not, I do not know, but I believe that those of us who think we ought to have a farm bill as soon as possible are absolutely justified in assuming that sufficient study could be made to enable a bill to be reported by October 15. That is adequate time in our judgment for the matter to be settled.

That does not imply any reflection upon the committee, rather it is a compliment to the committee. We believe that the eminent Senators who sit on the Agricultural Committee, can make the necessary studies and submit a report by that time. Of course, if there are those who oppose farm legislation it would be the most natural thing in the world for them to be against the meeting in October or any other time before January; but the difference between the Senator from South Carolina and myself and the Senator from Mississippi is not that we do not want farm legislation, for we all want farm legislation; the difference really is as to the time which should be taken to prepare and introduce and pass such legislation.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. TYDINGS. Would farm legislation embrace crops such as wheat?

Mr. BLACK. Certainly, it would.

Mr. TYDINGS. Then, may I state to the Senator if the Congress should meet in November the wheat for next year would already have been seeded, so the bill would not take care of that situation.

Mr. BLACK. The Senator is correct that it is impossible, unless we should act immediately, to take care of the situation as it relates to winter wheat; but there are cotton and other crops as to which plans begin to be made even before the soil is plowed. It may be that we should have no farm legislation. That is another question. There are those who honestly believe that the Federal Government should not pass farm legislation of any type, and they have ample argument and precedent to support their position. There are others who believe that we should enact such legislation. I believe that we should do so, and that we should do it at the earliest possible moment, in the interest of the American farmer. I do not believe that we should wait until January before beginning the consideration of such a bill.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. TYDINGS. I wonder whether the Senator thinks the so-called soil conservation law, which gives the farmers $500,000,000, has been a failure insofar as it has brought to the farmer a fair price for his crops?

Mr. BLACK. I do not think it has been a failure; I think it has been helpful insofar as it could go. I believe that better legislation, improved legislation, may be enacted. I think the Agricultural Committee takes that view in the resolution they adopted, to the effect that they will present, as I undersand, a bill to the Senate in January. So I assume that they take the position that the law referred to by the Senator from Maryland should be improved. I do not think it has been a failure; I think it has been helpful; but I believe that we could have legislation which would be more helpful, and in that I am supported by the action of the committee in taking up the study of the proposal for a new farm bill.

My deep interest in this subject, as is the interest of those of us who come from the South, is that we see cotton slumping now down to 10 cents. We want the loans made in order to stop the downward trend. The Department takes the position that it will not grant the loans unless legislation is enacted or unless legislation is assured. It is for that reason that the Senator from Mississippi and I

have asked other Senators, not privately, for there is nothing private about it, but openly, just as fast as we could reach them, to sign this petition. We would have asked them all if time had afforded. I am very happy that we took such action, and I shall be very happy if it shall result in bringing about action by the Congress on what I now consider to be the most vital question upon which we should act before adjournment.

Mr. CONNALLY. Mr. President, the difficulty about the time in which the farm bill shall be passed seems to have arisen largely because the farm organization and the Department of Agriculture and the Committees on Agriculture of the respective Houses have not been able or were not able to agree upon the particular form of legislation which would receive the approval of the committee. I will ask the Senator from Kansas if that is true?

Mr. McGILL. Mr. President, I think it is true that the committee have not agreed on the form that the legislation should take; otherwise a bill would have been reported to the floor of the Senate.

Mr. CONNALLY. May I ask the Senator if it is not also true that the farm organizations themselves were in disagreement? Was there not some clash between wheat and other crops as to how much money other crops were going to get out of the proposed bill?

Mr. McGILL. I do not think there was any clash between the producers of the different commodities. There may be, and I think there is, some difference of opinion among farm organization groups as to just what kind of bill should be passed. However, I am among those who signed the petition which the Senator from Alabama circulated.

If the Senator will allow me a moment further, I should like to say that it has been stated that the committee acted unanimously. However, upon the date of the committee meeting there was a very important meeting of the Judiciary Committee, and some members of the Committee on Agriculture and Forestry had no part in its proceedings.

I do not think the Soil Conservation Act is controlling production, else this last year we would not have had the greatest acreage planted to wheat we have had in the history of the country. I think farm legislation is necessary and that by October 15 or November 1 we could be ready to proceed to the consideration of such legislation in some form.

Mr. CONNALLY. Mr. President, speaking for myself only, I am entirely agreeable to coming back in October if the Agricultural Committees of the two Houses are going to have a bill ready at that time.

Mr. SMITH. Which they will not.

Mr. CONNALLY. The Senator from South Carolina interjects the information that the committees will not have it ready in October.

Mr. SMITH. We cannot do it. The subject is too big. It has too many conditions in it. If we are going to legislate with common sense——

Mr. CONNALLY. I hope we will.

Mr. SMITH. That would be very unusual in certain places.

Mr. CONNALLY. Nevertheless, I hope we will.

Mr. SMITH. If we are going to legislate with common sense, we must study the subject from the ground up, and that is what we are going to do.

Mr. McGILL. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. In just a moment. I have no intention of criticizing the Committee on Agriculture and Forestry of either body. I am sure the committees are going to do the best they can regarding the proposed legislation.

I yield now to the Senator from Kansas.

Mr. McGILL. There has been appointed by the Committee on Agriculture and Forestry of the Senate a subcommittee to conduct hearings at whatever points may be thought appropriate throughout the country. I think also the Committee on Agriculture of the House has appointed a similar subcommittee. I cannot see why it will be necessary for the Senate committee to have more time than between now and the 15th of October or 1st of November to determine what kind of measure ought to be reported to this body.

Mr. SMITH. Mr. President——

Mr. CONNALLY. I yield to the Senator from South Carolina.

Mr. SMITH. If the Congress were to adjourn by the middle of August and we went to work immediately, that would give us hardly 2 months to cover the entire United States and make a study worth the money involved. Everybody knows that along in September and October, when it gets somewhat cooler, we intend to cover the situation, make our investigations, and then honestly draft a bill and present it to Congress.

I know what is back of all this. Keep on and I will tell what it is. [Laughter.]

Mr. CONNALLY. I do not question that the Senator from South Carolina knows what is back of it all. I do not know what is back of it all.

Mr. SMITH. The Senator can guess.

Mr. CONNALLY. I hope the Senator from South Carolina at some future time may reveal just what is back of it all, not because I am curious, but because I am always glad to have the Senator from South Carolina contribute any information he may have in his possession.

Mr. President, I do not know what is going to be in the proposed farm bill, but I assume that some form of production control is contemplated. I know that is the idea of the Department of Agriculture, and I think it is largely the general sentiment of the Agricultural Committees of the two Houses. I do not happen to have the honor of being a member of that committee in the Senate. I am tremendously interested that at the earliest possible moment the Congress shall enact such legislation as it may decide is wise. If the committees cannot be ready by October, of course there is no sense in Congress coming back at that time for that particular purpose.

In the meantime, in the case of cotton, there is a very critical situation by reason of cotton being dumped on the market during about 3 months of the year and the price always going down. Of course when the cotton goes into the hands of the spinners and speculators they hold it, and in the spring the price begins to go up again.

The theory back of the loans provided for has been to make the loans at such figure as would tend to stabilize or flatten out that price over the whole year rather than to force the farmer to take the very low price which he has to take when he sells his cotton, because at that time he is in debt and wants to meet his bank payments and pay the doctor, and perhaps the preacher, and settle his store account. He has to meet these payments, and the only way he has of meeting them is to sell his cotton, and sell it immediately.

But Congress has already authorized the Commodity Credit Corporation to make loans. It is not making them, and has not made any recently. I very much hope that somebody may be able to influence the Commodity Credit Corporation to make loans in fair amount. I do not expect the Government to make a loan on any farmer's property of more than it is worth. I do not want the Government to give him anything in the form of a loan. But we are lending money, and we are apparently about to appropriate $700,000,000—$700,000,000 mind you—to give some folks in some of the great cities of the country a little cheaper rent.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Missouri.

Mr. CLARK. The Senator is probably familiar with the fact that the Commodity Credit Corporation has on hand and available $135,000,000, which it is authorized to lend for the very purpose the Senator has been outlining, but which it flatly refuses to lend simply as a matter of policy, and at a time when the prices of certain commodities, notably oats, due to temporary seasonal glut in the market, are being hammered down, while the Commodity Credit Corporation sits by with all that money in hand and refuses to take any steps for the relief of the owners of those commodities.

Mr. CONNALLY. I thank the Senator from Missouri. It has already been pointed out in the debate that the Commodity Credit Corporation not only has the authority but has the money with which to make the loans. The loans ought to be made, not next year, but now; not in October, but now, because now is the time when there is need for them.

The Senator from South Carolina [Mr. BYRNES] referred to the arrangement which we made in 1935, on the 26th day of August. I have reason for remembering that date. The Commodity Credit Corporation had been making loans of 12 cents on cotton. Cotton had been accumulating because it could not be sold for more than 12 cents. Cotton was accumulating, accumulating, accumulating. We finally hit on the plan of letting the farmers go ahead and sell the cotton, and if it brought as much as 10 cents the Government would pay the differential. The result was a movement of all the cotton that was purchasable, and that relieved the situation, and the Government did not lose any more, if, indeed, as much, as if it had continued to make the 12-cent loans.

So, Mr. President, these loans ought to be made; and if the Senator from Alabama [Mr. BLACK] and the Senator from Mississippi [Mr. BILBO] can get their resolution before this body, the Senator from Texas will be very glad to support it. In the meantime, I can understand the situation in some quarters in which it is said, "Unless Congress is going to pass some sort of farm bill, we do not want to make the loans." I can understand that; but it is unfortunate that those who take that position reached that conclusion just at this critical time in the cotton market, or in the oats market, as pointed out by the Senator from Missouri [Mr. CLARK]. To require that we must first pass the farm bill before the loans are made will simply amount to making no loans at all at this time, because we are confronted with the situation that the chairman of the Agricultural Committee says the committee will not be ready with a bill even in October. By that time the ruin will have occurred. The distress will have swept over my particular section.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield to the Senator from Tennessee.

Mr. McKELLAR. I agree with the Senator that the Commodity Credit Corporation should make these loans. I think the provision was put in the law for just such an occasion as that which now confronts us. On the other hand, it seems to me that at this session, and without any delay at all, we should pass a farm bill to regulate the industry and, in the case of our particular product, cotton, to regulate the production of cotton.

We know that under the Agricultural Adjustment Administration the price of cotton was raised enormously, and it was done by Government regulation. When that act was invalidated and ceased to operate, cotton did not fare so well. This year a larger crop is going to be raised, and that is why we are confronted with the situation of low prices. It seems to me that Congress at this session ought to pass a bill along the line of the A. A. A., bringing it within the Constitution, and making permanent provision so that we shall not have to deal with the problem every year.

The PRESIDING OFFICER. The time of the Senator from Texas on the amendment has expired.

Mr. CONNALLY. I have some time on the bill, have I not?

The PRESIDING OFFICER. Yes.

Mr. CONNALLY. I shall take 5 minutes of that time.

The PRESIDING OFFICER. The Senator has 10 minutes on the bill.

Mr. CONNALLY. I shall take 5.

Mr. President, I will say to the Senator from Tennessee that, while the Agricultural Adjustment Act did some good toward raising the price of cotton, the reduction of the gold content of the dollar did more to raise the price of cotton than all the other legislation we had enacted, simply by reason of the fact that when the Frenchman was buying cotton for 6 cents a pound or the Britisher was buying it for 6 cents a pound in gold, and we devalued the dollar, the 6 cents immediately became 10 cents; and cotton being an export crop whose price is fixed in Liverpool and other foreign markets, the devaluation of the dollar had a tremendous effect in raising the price. If the Senator read the reports from day to day when the President was buying gold, he saw that cotton and gold went up hand in hand and together. The A. A. A., of course, did some good; and I agree with the Senator to the extent that if we are to have crop-control legislation at all, we should enact it at this session of Congress.

Mr. McKELLAR. I think so.

Mr. CONNALLY. But how are we going to get it if the committees are not ready to report? How are we going to get it if the committees are not agreed? How are we going to get it if the Department of Agriculture wants one plan, and the committee wants another plan, and the farm organizations want still another plan?

Mr. McKELLAR. Mr. President, will the Senator again yield?

Mr. CONNALLY. I yield.

Mr. McKELLAR. I desire to say that it is possible that the devaluation of the dollar by this country had some effect on the price of cotton.

Mr. CONNALLY. The Senator says it is possible. Does not the Senator know that it did? If the devalution of the dollar did not have any effect on the price, why did the Senator vote for it?

Mr. McKELLAR. I will say to the Senator that in my judgment the Agricultural Adjustment Act did more to stabilize the price of cotton, it did more to bring about a good condition among the cotton farmers and to aid the cotton farmers, than any other act of Congress that was ever passed in the history of the Republic.

Mr. CONNALLY. I thank the Senator for that interruption; but if he does not think the change in the value of the gold dollar did anything to the cotton market, if he will ask his Memphis cotton dealers, the big people who sell their cotton in Europe, they will tell him that it did.

I am not disposed, however, to argue the matter. I think the A. A. A. did some good, and I am not attacking the A. A. A. But, Mr. President, while we are waiting for the committees to make up their minds, while we are waiting for the Department of Agriculture to make up its mind and get into agreement with the Senator from South Carolina [Mr. SMITH] and the Senator from Kansas [Mr. MCGILL] and other Senators, these loans ought to be made. What good would it do a farmer to tell him that next year we will pass a farm bill, whereas he is suffering now by reason of the very forces which a farm bill is supposed to arrest and hold in check?

Mr. President, so far as the Senator from Texas is concerned, he would much prefer to be home than to be here in October. He would much prefer, if he were able, to go to Europe, along with some of his opulent colleagues in the Senate. He would much prefer to tour the West with the Indian Affairs Committee, looking over the Indians and the buffalo and the deer. He would much prefer to go out into Nevada and view the public lands.

Mr. REYNOLDS. Mr. President, I hope the Senator will not overlook the Great Smoky Mountains National Park of western North Carolina. [Laughter.]

Mr. CONNALLY. Mr. President, the mountains are the only things that are smoky in North Carolina. The eminent Senator has none of the qualities that go along with the Smoky Mountains except charm and delightful personality. [Laughter.]

Mr. REYNOLDS. The Senator from North Carolina thanks his friend the Senator from Texas.

Mr. CONNALLY. I go through North Carolina, however, if I go home, and so I shall go there in any event. If I go home, I shall visit North Carolina; but I was speaking of

some of the hinterlands, some of the outlying territories which the Senator from Texas is not always privileged to visit.

Mr. REYNOLDS. Some of the less interesting places.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from South Carolina?

Mr. CONNALLY. I yield.

Mr. BYRNES. We all agree that the Commodity Credit Corporation has the power to act. We are told that the Commodity Credit Corporation declines to act in the absence of further restrictive legislation. The question proposed thus far is whether or not it should lend 12 cents a pound upon cotton.

Does not the Senator think that if the gentlemen representing Southern States should propose to the Corporation not to lend 12 cents, but to follow the plan that was put in operation in 1935—to loan 10 cents, and then provide for the additional payment to the farmers if as a result of the loan cotton is held off the market and the price goes up—the Commodity Credit Corporation would be justified in lending 10 cents a pound on cotton?

I desire also to ask the Senator a further question. What legislation are we to enact? The Supreme Court held that we could not constitutionally enact legislation such as the Bankhead Act. We have enacted the soil-conservation law. We have done our best to restrict production; and in the absence of any suggestion as to how we can further reduce it, does not the Senator think the Commodity Credit Corporation should lend 10 cents a pound on cotton, and take the good business risk that in the next year this very law, with normal seasons, will curtail the crop sufficiently to make the loans safe?

Mr. CONNALLY. I will say to the Senator from South Carolina that I thoroughly agree with him, and I thank him for the interruption. The loan was sound in 1935, when there was a larger surplus on hand than there is at this time, was there not?

Mr. SMITH. Twice as much.

Mr. CONNALLY. The surplus was much larger in 1935, and the board then found it sound to loan 10 cents a pound, giving the farmer the benefit of any accretions in the price that might come to it. While we are debating the farm bill and discussing it, I think the Commodity Credit Corporation ought to make these loans. I do not see by what authority it says to the Congress that the Congress itself must pass certain kinds of legislation before the Commodity Credit Corporation will do what the Congress has told it to do.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from South Carolina.

Mr. BYRNES. If the Congress passed the existing law for the purpose of curtailing production, and it is unsatisfactory, if we should hurriedly pass another law, what assurance would it give to the Commodity Credit Corporation that it would accomplish what the existing law has not accomplished?

Mr. CONNALLY. Exactly. In other words, suppose we pass the pending bill. The gentlemen in the Commodity Credit Corporation would first have to give it their visa. They would look it over and say, "Well, now, Mr. Congress, this law does not suit us. This is not the kind of law we want, and we will not make the loans." The Commodity Credit Corporation is a creature of the Congress, and when we authorize a bureau like that we mean to have it do what it is authorized to do. The Commodity Credit Corporation ought to make these loans without being prodded and punished and pushed by the Congress to do it.

So, Mr. President, I submit that cotton loans ought to be made at this time, and then the committees of Congress which deal with farm legislation ought to get together and prepare such a measure as soundly represents their views, and bring it back here and let us pass it at the earliest practicable moment. I do not know what that moment is. The senior Senator from South Carolina [Mr. SMITH] has one idea. The Senator from Kansas [Mr. MCGILL] may have another. I trust the Committee on Agriculture and Forestry. It is the instrumentality of the Senate; it is the servant of this body; and it must work out that problem for the Senate.

Mr. BILBO obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator from Mississippi yield to me?

Mr. BILBO. I yield.

Mr. BARKLEY. I hope we can bring this discussion to a speedy conclusion and get back to the bill which is under consideration. In view of the fact that the subject has been brought up, however, I hope to make a very brief statement which may clarify the situation with regard to agricultural legislation so far as this session is concerned. I shall do that as soon as I can get the floor; but I do not want to interfere with the remarks of the Senator from Mississippi.

Mr. BILBO. Mr. President, it is my purpose to occupy only a few moments.

Last week, on the floor of the Senate, I raised the question of doing something for the relief of the cotton farmer of the South. I have been working at the proposition ever since. On Tuesday I went to the White House and discussed the matter with the President. Upon my return to the Senate Chamber the Senator from Alabama [Mr. BLACK] and I introduced two resolutions, believing that the resolutions would solve the troubles which the southern cotton farmer is now having.

As announced on the floor of the Senate, cotton is selling for 10 cents a pound. Like my distinguished friend, the senior Senator from South Carolina, I, myself, am a farmer, and I know that 10 cents does not represent cost of production of cotton because, in the making of the crop, everything bought by the farmer is at high prices, and if he does not realize 12 cents or more for his cotton, he will suffer a great loss.

I have no apology to make to the chairman of the Committee on Agriculture and Forestry for my part in preparing the petition, in company with the Senator from Alabama. I helped to dictate the petition, and we meant just what we said in it. In order to make the preparation to carry out the farm plan, the farmers of the Nation should know that plan before January 1. Every intelligent farmer knows that the great majority of farmers map out their crops for the succeeding year in the autumn months. Many of them do the plowing for a particular kind of crop, and we meant that the farmer ought to know before January the plan of control the Government would insist upon for that year.

Believing that the proposed legislation is imperative to the success of agricultural life, especially of those engaged in producing the major crops of the Republic, we felt that no time should be lost in giving to the farmers a farm bill; and it can be done.

I am a member of the Committee on Agriculture and Forestry, and to my certain knowledge there has not been introduced by any member of the committee, or any Member of Congress, any farm bill, except the bill introduced by the Senator from Kansas and the Senator from Idaho. There may have been some features of that bill which did not appeal to me as representing the farmers of the South.

Mr. MCKELLAR. Mr. President, has there been no crop regulation bill at all?

Mr. BILBO. None except as contained in the bill introduced by the Senator from Kansas and the Senator from Idaho.

I think it is the fault of the Congress that we have not had such legislation; and, as I said last week, I am willing to stay here until Christmas Eve in order to give the farmers the legislation to which they are entitled, and which will insure their relief.

Senators are amply paid for their service to the people, $10,000 a year, and we are paid by the month, and our constituents are entitled to our time, if it be worth anything;

and I mean all the time. I am willing to sacrifice my personal pleasure and comfort and business that I may do my best for my constituents by staying here all the summer and all the fall, although I may not be able to earn my compensation.

The distinguished chairman of the Committee on Agriculture and Forestry, who has been a Member of the Senate for 30 years, boasts of the fact that he is the real dirt farmer in the Senate. He has been studying this problem for 30 years, and with the knowledge he has gathered and gleaned through the years, and with his understanding of the problems of the farmers, and with the cooperation of other distinguished members of the committee, I believe we can make whatever investigations may be necessary in the next 60 days and be ready to report out of the committee a bill which will meet with favorable consideration at the hands of the Congress.

Mr. President, I am afraid that Senators fail to see what is behind all this. As has been correctly stated, the Commodity Credit Corporation has the right and the power to make the loans, but it is a discretionary power, and when I left the White House the other day I was convinced of the fact—and I am not quoting the President—that there would be no loan, and that the farmers of the South would be robbed of hundreds and hundreds of millions of dollars by the speculators unless the administration had the assurance that there would be a farm bill looking to the control of production in order to prevent the accumulation of surpluses in the future.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. CLARK. The Senator from Iowa [Mr. GILLETTE] and I have introduced and have now before the committee Senate bill 2878, to provide for loans to farmers on certain crops during the year 1937. The bill takes cognizance of the fact that the Commodity Credit Corporation has on hand $135,000,000 which they are authorized by law to lend for the purposes which the Senator from Mississippi has just been discussing, and which Congress intended that they should lend, but which the Commodity Credit Corporation, for reasons of its own, not as a matter of law, not on account of lack of funds, but because they have deliberately themselves adopted a policy of not doing it, refuse to make. The bill to which I refer is directed to the purpose of making such lending mandatory so as to tide over this situation. Does not the Senator from Mississippi think such a bill should be passed, so that it would not rest in the discretion of the Commodity Credit Corporation to decide the matter?

Mr. BILBO. I do; and, in company with the Senator from Alabama, I have introduced such a measure, and all we want is to have it enacted, with a companion bill introduced.

Mr. CLARK. I understand that the joint resolution of the Senator from Mississippi and the Senator from Alabama applies only to cotton.

Mr. BLACK. That is correct.

Mr. CLARK. I am also interested in cotton, as every other citizen of the United States, whether or not he comes from a cotton-growing section, ought to be; but there are other commodities, some of which are on the market at the present time, which should be provided for, and would be provided for under the bill of the Senator from Iowa and myself.

Mr. BILBO. I have no doubt that the Senator, with his usual zeal in behalf of his constituents, will press his bill, and I trust that he will support the measure which I have introduced.

Mr. SMITH. Will the Senator from Mississippi yield so that I may ask a question of the Senator from Missouri?

Mr. BILBO. I yield.

Mr. SMITH. When was the Senator's bill introduced?

Mr. CLARK. On the calendar day July 31.

Mr. SMITH. It was referred to what committee?

Mr. CLARK. To the Committee on Agriculture and Forestry.

Mr. SMITH. I shall certainly try to get my committee to take action on that bill.

Mr. CLARK. I hope the Senator will, and that there will be early action by the Congress.

Mr. BILBO. Mr. President, we are making progress.

Mr. SMITH. On the Senator's bill!

Mr. BILBO. I am sure that the Senator from South Carolina would not be willing to compel the lending of money on oats and not compel it on cotton.

Mr. President, the trouble with the whole business is the soil-conservation legislation under which the farmers are now operating. Personally I think that has been a great measure. It has resulted in great good to the farmer, and it is going to result in good to the farmer in years to come. But the result has been that the farmers in the South this year increased the acreage in cotton 6,000,000 acres, and that, as much as the season, accounts for the abnormal crop. It is not a question of charging it to nature; it has resulted because the farmers, with the lack of the idea of control in soil conservation, have increased their crops. As the Senator from Kansas says, there is the greatest acreage in wheat this year there has even been.

Mr. McGILL. The acreage planted for 1936 and the acreage planted also in the spring of 1937 are the largest we have had in the history of the country.

Mr. BILBO. After the Supreme Court had knocked out the A. A. A. So, after all, we can charge it all to the Supreme Court. We all have an excuse.

Mr. President, I wish to call attention to just one more fact. It is not because of lack of interest on the part of the Commodity Credit Corporation that they do not make the loans. As businessmen, and as agents representing the Government, they want to know that if they lend the money they will not lose anything, and they want the assurance that Congress will pass legislation at the earliest possible moment, and October 15 is not too early. We are trying to give them assurance that we may get this relief for our people, and anyone who throws anything in the way of giving this assurance will be charged with the responsibility of denying the farmers relief in this instance.

The carry-over of cotton this year was 5,000,000 bales on the first day of July. During the month of July that was cut down to 4,400,000 bales. I am informed by those in a position to know that 20 percent of this carry-over, 880,000 bales, represents unmerchantable, unginnable, unusable, and unsalable cotton. So that today the real surplus is only three and a half million bales, which is the smallest carry-over we have had since 1930, and there is excuse for cotton being sold today at 10 cents a pound. I make the prophecy that if something is not done, as soon as the speculators can beat the price of cotton down, and get it out of the hands of the farmers of the South, we will see the market increase day by day, and the speculator will walk off with his golden sheckels. We are only asking the agents of the Government to come to our rescue, and protect us against those who are manipulating the cotton market when there is no excuse for cotton selling at 10 cents a pound.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. REYNOLDS. I have heard Senators on the floor of the Senate this afternoon speak with reference to the Commodity Credit Corporation, and during the discussion it has been stated that that Corporation has $135,000,000 in its possession at this time available for the benefit of the farmers of the United States. However, I have yet to hear any of the Senators who have enlightened us this afternoon say whether or not he has directed any inquiry toward those in charge of this Corporation to ascertain why they will not now come to the aid of the cotton farmer of the South at a time when he needs help. Can any Senator who has discussed this subject today say that he has directed any inquiry to any of those in charge of the Corporation as to why it will not make advances to the cotton farmers, or, in other words, why the Corporation will not buy cotton from the southern farmers today in order that they may be helped at a time when they need help?

Mr. BILBO. Mr. President, I have done my best to convince the Senate that all that is necessary to do and all that the Commodity Credit Corporation is waiting for is for Congress to assure them that it will enact such legislation as will prohibit the accumulation of a surplus in the future which will cause the Government to lose the money loaned to the farmer.

Mr. BARKLEY. Mr. President, I regret that it is necessary to interrupt the business on the calendar of the Senate to indulge in this discussion, but probably if the situation can be cleared up the discussion will be worth while and valuable.

I think it may be truthfully said that when we met here in January we all hoped that permanent and comprehensive farm legislation would be enacted at the present session of Congress. There had been criticism because the Department of Agriculture framed legislation and sent it down here to be considered by Congress, and for that reason it was thought wise at the beginning to call in the representatives of all the farm organizations of the country and ask them to make an effort to frame legislation which they thought would deal with the situation. It was impossible for the Secretary of Agriculture to call a national convention of farmers or a town meeting in order to get the views of farmers. Therefore he had to rely, and probably did rely, upon the cooperation and the knowledge and the wisdom of those who had been selected by farmers to represent them in Washington.

The farm organizations began to deliberate on the framing of a farm bill, and they deliberated for a number of months. About 6 weeks ago the late Senator from Arkansas, our former leader, called a conference for the purpose of discussing the probability of enacting agricultural legislation at this session. I think that conference was called at the request or the suggestion of the Secretary of Agriculture. A large number of Senators who were interested in farm legislation were asked to be present. I happened to be one of them. The Secretary of Agriculture attended that conference. At that time the farm organizations had not agreed on a bill. No bill had been introduced; and, in view of the legislative situation then confronting Congress, it was generally understood and agreed at that time among all those present at the conference that legislation dealing with agriculture at this session would be impossible. So the conference broke up, the Secretary of Agriculture went about his business, and, so far as I know, it was agreed, subject to any change in conditions, that it would be almost practically impossible to frame legislation on a comprehensive basis dealing with agriculture at the present session.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McGILL. Was it not, however, the position of the Secretary of Agriculture at that time that legislation should be enacted at the very earliest date possible?

Mr. BARKLEY. Not only was that the position of the Secretary of Agriculture, but it was the position of all those who attended the conference. The Secretary of Agriculture shares the fear that all of us have shared, that, while nothing could be done about the 1937 crop, unless some efforts were made to control production for 1938, if nature should be as bounteous next year as she has been this year, and there should be produced another bumper crop of wheat and corn and tobacco and cotton and other basic products, necessarily a very drastic slump would occur in the price of agricultural products produced in 1938. Everyone agreed that that was the condition.

Likewise everyone agreed that no legislation could be enacted at that time that could control the situation so far as the 1937 crop was concerned.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McGILL. That would control the situation as regards the acreage that would be planted in the fall of 1937.

Mr. BARKLEY. I am talking about the crop harvested in 1937.

Mr. McGILL. Of course, that was out of the question.

Mr. BARKLEY. Yes; that was perfectly obvious.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. And the agreement, as stated by the Senator from Kentucky, was that the committee should proceed with hearings and endeavor to have a bill ready to be taken up at the beginning of the next session?

Mr. BARKLEY. That is true. It was understood that the committee would go ahead with its preparation, have whatever hearings were necessary, and have a bill ready whenever Congress met again, whether it was in January or whether it was a called session at an earlier date. That I think was the general understanding. The Secretary of Agriculture agreed, if that were done, that no damage would occur by reason of the loss of time between then and January.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BLACK. The Senator did not understand, did he, that the farm organizations, certainly not the American Farm Bureau, accepted that idea? They insisted on and wanted legislation, and the Secretary of Agriculture wanted legislation, but, on the statement from some that it could not be obtained, they reluctantly said it might not be obtained, but they wanted it.

Mr. BARKLEY. The farm organizations did not agree to that because they were not in the conference. This was a conference of Senators and the Secretary of Agriculture interested in the farm legislation, and they were dealing with it in a practical and realistic way, and not undertaking to count on improbabilities.

I do not know when this bill was framed. I do not know when the farm organizations that participated in its framing got together on it. It is my understanding that the National Grange and the Farmer's Union did not agree to the terms of this bill, but, Mr. President, the bill itself, from whatever source it came, was introduced into the Senate on July 15. It could have been introduced earlier had not the legislative and parliamentary situation here prevented.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HATCH. I quite agree with what has been said, if abundant crops are produced in 1938, as to what may happen to wheat, cotton, and other commodities. I call the attention of the Senator from Kentucky, however, to the fact that already it is probably too late to enact any legislation which will be beneficial to the wheat farmers for the year 1938.

Mr. BARKLEY. That is true, so far as winter wheat is concerned. It is not true so far as spring wheat is concerned.

Mr. HATCH. It is not true so far as spring wheat is concerned; but if we do not start considering legislation until January, the spring-wheat planting may also be in the same condition as the winter wheat is at this time.

Mr. BARKLEY. Yes; I agree with the Senator.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McGILL. In line with what the Senator from New Mexico has just said, I should be inclined to the view that if we are to undertake to enact farm legislation, but do not act on it before the January session, it will be too late to deal not only with the spring-wheat farmer but too late to deal with the farmers who plant oats, barley, corn, and all other commodities planted in the early spring. We should have a bill enacted and in effect, I think, by January in order to deal with that situation.

Mr. BARKLEY. I should certainly desire that this be done.

Mr. President, the bill that was introduced, if it were passed today under the terms in which it is drawn, would provide no remedy for the crops of 1938. I hope the Senators from Kansas [Mr. McGILL] and New Mexico [Mr. HATCH] and other Senators will give me their attention, because I just made the statement that even if the bill, as introduced, were enacted at once, it would not offer any relief so far as the

crops of 1938 may be concerned in the way of crop curtailment, because the bill provides that the contracts which are to be submitted to the farmers must be submitted during the last 5 months of the calendar year, and those contracts pertain only to the production of crops for the succeeding year. So that, in order for any crop-reduction program under this bill to be effective for the crop of 1938, the contracts must be presented to the farmers during the last 5 months of 1937, which would have begun on the 1st day of August.

It is manifestly impossible to pass this bill or any legislation in time for that provision to take effect, so that if the contracts for the curtailment of the crop of 1938 cannot be presented to the farmers during the 5-month period of 1937, then it will be necessary to change that provision of the bill when it is enacted, so that the contracts may be presented to the farmers at an earlier date than the last 5 months of the previous year in order to affect the crop of the succeeding year.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McGILL. The Senator will agree, however, will he not, that a very simple amendment to the bill would relieve that situation?

Mr. BARKLEY. I agree that a very simple amendment would affect that situation. I am talking about the bill as it was presented, and I have no doubt that as it was drawn it was contemplated that it might be enacted in time for that provision to take effect in the last 5 months of 1937.

Mr. President, in an effort to ascertain what is the situation with respect to the probability of having legislation at this session, I have not only conferred with the chairman of the Committee on Agriculture and Forestry but I have conferred with the other members of the Committee on Agriculture and Forestry, including the authors of the only bill which has been presented, and all of them have told me that they are not now in possession of sufficient information to enable them now to draw a bill; that they do not have the necessary facts to enable them now, without further information and investigation, to draw a comprehensive, wise, and workable agricultural bill.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HATCH. I beg leave to disagree with the Senator on the statement he has just made. I am a member of the Committee on Agriculture and Forestry, and I think the only thing that committee need do is to determine a policy for the bill. There are plenty of facts available in the Agricultural Department, and if the committee would work out the policy which it believes should obtain, I believe a bill could be drawn rather quickly that would conform to whatever policy the committee should determine upon.

Mr. BARKLEY. I will say to the Senator that, following the action of the committee in ordering hearings and providing for regional hearings, I undertook to ascertain—I have forgotten whether I conferred with the Senator from New Mexico or not—but I talked with many members of the committee, especially the authors of the bill——

Mr. HATCH. I did not mean to call attention to that fact.

Mr. BARKLEY. And I have made this statement as a result of those conferences.

Mr. HATCH. I was not present in the Committee on Agriculture and Forestry when that action was taken. If I had been present, I should have opposed it. I did not talk with the Senator from Kentucky.

Mr. BARKLEY. I am sorry I did not get around to the Senator from New Mexico, but I got the information I am now undertaking to give to the Senate after conferring with as many members of the committee as I could reach within the time I had.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McKELLAR. The statement of the Senator from New Mexico [Mr. HATCH], for whose ability I have the greatest admiration, leads me to ask the question why he does not undertake to draw such legislation and submit it to the Senate? I think it is extraordinarily essential that legislation should be passed at the present session of Congress to take care of the situation. We know what happened several years ago when the limits were all off and the farmers raised what crops they pleased. We know what tremendous improvements were made when regulation took place. We ought to have regulation again, and I hope the Senator from New Mexico, who is a member of the committee, will undertake to prepare such legislation. I am sure it can be prepared and passed at this session of Congress.

The PRESIDING OFFICER. The time of the Senator from Kentucky on the amendment has expired.

Mr. BARKLEY. I will take the remainder of the time on the bill, which is only 10 minutes.

Mr. HATCH. I was about to ask the Senator to yield——

Mr. BARKLEY. I yield to the Senator for another question.

Mr. HATCH. No; I will not interrupt the Senator from Kentucky inasmuch as his time is limited.

Mr. BARKLEY. Mr. President, I will say to the Senator from New Mexico that if the Senate Committee on Agriculture and Forestry is now in a position to write a bill, then it seems to me that they were not well advised when they ordered hearings and the postponement of the framing of such a bill until the regional hearings had taken place. If the Committee on Agriculture and Forestry is in a position now to write a bill permanently dealing with this situation, certainly it ought to get to work and do it and not go around over the country holding hearings, if they are unnecessary. But if the committee, as I was told and am still told, unanimously decided to hold hearings, although several members of the committee were not present, I feel, in the position which I occupy, I had a right to expect that the committee was acting in good faith; that it was undertaking to ascertain information necessary to write the bill, and that it would immediately get to work and hold hearings necessary to enable it to obtain the information upon which it could write legislation.

I wish to say that I have shared all along, and I now share, the desire and anxiety to write a bill at the very earliest possible moment that will deal with the subject comprehensively and deal with it in a way that will do justice to all the farmers of the United States with whom it might deal. I am extremely anxious that such legislation shall be enacted in time to deal not only with production but the probable price of the crops produced in 1938. The Committee on Agriculture and Forestry is the only agency through which the Senate can act in a matter of this kind. We cannot take up legislation here except as it comes from a committee, unless the Senate should decide to discharge the committee, and I am sure that, under the circumstances that now exist, the Senate would not feel justified in discharging the Committee on Agriculture and Forestry from the further consideration of this bill in order that the Senate might take it up and try to write it here on the floor of the Senate.

For these reasons, I see no way by which we can proceed except to await the action of the committee in the framing of a bill. I hope that the committee will frame a bill in time for the Senate to deal with it by the middle of October or the first of November; but I think the Senate ought to know and the country ought to know that it is not now contemplated that Congress shall remain in session while the Committee on Agriculture and Forestry is attempting to frame a bill dealing with the general agricultural situation.

I think it also should be stated that it is not contemplated that the Congress shall recess until the 15th of October or any other date and come back here and await the action of the Agricultural Committee in the framing of a bill. When we conclude our duties here it is contemplated we shall adjourn. Then, if, in the meantime, the Committee on Agriculture and Forestry shall advise the President that

they have framed a bill, and are ready for its consideration by the Senate, in his judgment, the President will undoubtedly exercise his right, under the Constitution, to call Congress into extraordinary session. But it seems to me that it would be unwise for Congress to recess until the 15th of October or the 1st of November without knowing whether the Committee on Agriculture and Forestry would be ready to report a bill at that time; come back here and wait 6 weeks more with nothing to do while we were still waiting on the Committee on Agriculture and Forestry. That is my view of this situation, and it is a view I have reached after giving consideration to all the statements made by members of the committee and realizing that we cannot act until some action has been taken by the committee.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BLACK. The Senate has the right, does it not, if it desires to do so, with reference to any committee to instruct them to report a bill by a certain time.

Mr. BARKLEY. Certainly the Senate has a right to control absolutely the procedure of its committees. It has the right to instruct them to report on a certain date or within a certain length of time. The committee, of course, is the agent of the Senate, it is the servant of the Senate's will, and the Senate may instruct the committee to report at any time it sees fit.

Mr. BLACK. If 40 Senators have agreed that such action should be taken by October 15—and there are other Senators who have not been approached who would constitute a majority—then, whatever the Senate decided, it would be the duty of the committee to carry out?

Mr. BARKLEY. The only official action the Senate can take with respect to its committees is not by petition, I will state to the Senator, but by formal action, by motion or resolution adopted by the Senate instructing its committees to report by a certain date.

Of course, I know nothing about this petition. I had not seen it until I heard it read from the desk. The Senator from Alabama advised me that it was being circulated, and I advised him that I would not sign the petition under the circumstances that exist here; I did not think I ought to sign it in the position that I happen to occupy at this time, because I felt that, in view of the action of the committee, we ought at least, to assume that a majority of the committee can control its actions.

If any member of the committee is obstreperous or is trying to pull back upon the backing strap instead of pulling forward on the collar, a majority of the committee have the power to control its action at any time. That is the way I feel; and if the committee could not do that, I did not wish to assume the responsibility of telling the committee what it ought to do, although I express the earnest hope that it will bring back a bill in time for the President to call the Congress into extraordinary session by the 1st of November or the middle of October, if it then has a bill ready for us to consider.

Mr. BLACK. The question I asked was that, irrespective of what plans had been made for hearings, if a majority of the Senate wishes to pass a farm bill, and wishes to have it reported by October 15, the majority has a right, does it not, to instruct the committee to make a report and to decline to adjourn until it does?

Mr. BARKLEY. Of course, a majority cannot only instruct the committee to report by that date but it can decline either to adjourn or recess and can stay here. A majority of the Senate can do any of those things. But I simply wanted to say, insofar as I am concerned, holding some position of responsibility here by reason of the favor of my colleagues, that I felt it was in frankness due the Senate to say that it is not contemplated now, unless the Senate decides itself to take such action, to take a recess instead of taking an adjournment.

Mr. HATCH. Mr. President, in reply to some questions directed to me by the Senator from Tennessee [Mr. McKELLAR] concerning the drafting of farm legislation, I may say that I think the proposed farm legislation is in good hands. The Senator from Idaho [Mr. POPE] and the Senator from Kansas [Mr. McGILL] have both worked on the problem and have drawn a bill which may or may not meet the situation. I myself have not as yet studied it, but I know that under their leadership and the careful thought which will be given the bill by the Committee on Agriculture and Forestry, there is no reason why that committee may not report a satisfactory bill at such time as I hope will not be too late for action this year.

I do not object to the statements made by our leader the Senator from Kentucky [Mr. BARKLEY] regarding the holding of hearings which have already been ordered. As I said a moment ago, a grave question of policy concerning farm legislation is involved. Many Senators have one view, and many have another. The all-important question to determine is the type and character of farm legislation to be enacted. When the question of policy is determined, then I believe the details can be worked out. If it would enable the Committee on Agriculture and Forestry to determine that policy by conducting reasonable hearings, so that the committee could be back here in October with a well-rounded-out bill, that would meet my approval, and I would have no objection to that procedure.

Mr. SMITH. Mr. President, I may state to the Senator that he knows it is impossible in that length of time to cover the ground sufficiently and bring back a bill which would justify the respect and support of this body. He knows that; so what is the use, under whip and spur, to do a thing that requires ample time, when a bill can be brought back to apply to the entire crop of 1938? It is said that some wheat will be planted. The Soil Erosion Act offered a bonus for the land that was left unplanted. The wheat growers chose to risk the price of wheat rather than the Government subsidy, and that settled the big wheat crop. We can take care of that situation for what may be unseeded in 1938.

As to anybody pulling back or "gee-hawing", I want the farmers to be treated without the dirty hand of politics being involved. That is what I want. I want the farmers to get the benefits which shall come to them from mature thought and a statesmanlike solution of the farm problem, and not from what we can do to fool somebody to vote for it.

Mr. HATCH. Mr. President, I may merely observe that I sincerely hope the matter of farm legislation may receive mature and statesmanlike consideration.

Mr. McKELLAR. Mr. President——

Mr. HATCH. I yield to the Senator from Tennessee.

Mr. McKELLAR. I did not know, when I interrupted the Senator from Kentucky [Mr. BARKLEY] a while ago to ask the Senator from New Mexico a question, that a subcommittee had already been appointed. As I understand, a subcommittee, composed of the Senator from Kansas [Mr. McGILL] and the Senator from Idaho [Mr. POPE], has been appointed and is now at work on a bill. If that is the case, I feel encouraged, knowing those Senators as I do. I hope they will make progress and that we may soon have a measure before us, because I think this is probably more important than is any other matter that has been before the Congress during the present session.

Mr. HATCH. I understand that such a subcommittee has been appointed. The chairman of the Senate Committee on Agriculture and Forestry, the Senator from South Carolina [Mr. SMITH], is chairman of the subcommittee. The Senator from Kansas [Mr. McGILL] and the Senator from Idaho [Mr. POPE] are members of the subcommittee. They plan to work with a like committee from the House of Representatives. That is merely what I rose to say—that, in my opinion, the contemplated legislation is in good hands and can be worked out satisfactorily.

Mr. LA FOLLETTE. Mr. President, I am one of the Senators who signed the petition presented by the Senator from Alabama [Mr. BLACK]. I desire to cooperate with the Senator from New York [Mr. WAGNER] in returning to consideration of the pending housing bill, but I want first to make a brief statement of the reasons why I signed the petition.

It seems perfectly clear to me that unless the Congress takes up the consideration of legislation embodying a program for the control of agricultural surpluses in time to be effective for the 1938 crops, we shall be responsible for having brought about disaster not only to the agricultural producers of the country, but also to the rest of the people as well. Therefore, I signed the petition because I wanted to join with other Senators in giving expression to my apprehension as to the situation that might be created if agricultural legislation should be postponed for consideration until the regular session of Congress, which will convene in January next.

Every Senator is aware that important legislation of that kind cannot be passed in the twinkling of an eye after Congress convenes. It will take a considerable period of time, no matter how well prepared the committee may be to present its bill, before it can pass the House of Representatives and the Senate and become a law. To postpone enactment of farm legislation until the January session is, in my opinion, to court a debacle in agricultural commodity prices in 1938. Believing as I do that the recovery of agricultural commodity prices and the increased buying power of the farmer has had a major and important bearing upon the partial economic recovery which has occurred, I wanted to express my conviction, as an individual Senator, that action should be had upon this important piece of legislation before the regular session of Congress in January.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. BARKLEY. I do not think any criticism is to be attached to Senators who signed the petition. For reasons which I thought were applicable to myself, I did not feel disposed to sign it. I imagine that Senators signed it more as an expression of a hope than anything else, and with the expectation that it might be helpful to the committee in undertaking to understand the feeling in the Senate as to the necessity for prompt action. I have no doubt that no Senator signed it with the intention of undertaking to build a fire under the committee for the purpose of hastening legislation or doing anything prematurely, but that it would be valuable as an expression of the views of the Members of the Senate on that subject.

Mr. LA FOLLETTE. I did not understand from any remarks made by the Senator from Kentucky that he intended to criticize any Senator who signed the petition, but I wanted to place myself upon record as being in favor of action upon this important proposed legislation before the next regular session of Congress, for I am as certain as that I am standing here speaking to the Senate at this moment that if it is postponed to the regular session it will be ineffective in relation to the great part of the 1938 crop. If that eventuality occurs there will be, in my judgment, a disastrous situation created for the farmers and for the rest of the country.

Mr. BORAH. Mr. President, this petition was presented to me, and I did not sign it. I felt that those who make the program here would formulate the program in any event, regardless of the views of those who might indicate their views in this petition.

I understand, however, that the basic principle upon which farm legislation is to rest is that of limiting and controlling production. Aside from the general question as to whether or not we should do that, I desire to ask those who have formulated this petition whether they propose, by limiting the production of the American farmer and decreasing his acreage, to continue to import into this country on a continuously enlarged scale the farm products of the cheap-labor countries.

To me it seems to be perfectly suicidal to be driving two teams in opposite directions upon the same road. A collision is inevitable. Senators are now talking about limiting production and decreasing acreage, and yet they are extending as rapidly as possible the reciprocal trade agreements, which have for their purpose and objective importing into this country the cheap agricultural products of other nations.

If we are going to work out a program of reduction, let us not import the products of other countries where labor is paid about one-third or one-fourth of the amount the American farmer has to pay for labor. There is only one reason for reducing acreage, and that is because the market will not take the large production. Is there, then, either reason or justice or economic wisdom in turning over a part of that market to foreign production? With reduction certainly should go the doctrine that the American market belongs to the American producer to the full extent of his ability to supply it.

LOW-COST HOUSING

The Senate resumed the consideration of the bill (S. 1685) to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the provision of decent, safe, and sanitary dwellings for families of low income and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.

The VICE PRESIDENT. The question before the Senate is on agreeing to the so-called Tydings substitute for the modified amendment offered by the Senator from Colorado [Mr. ADAMS] to the amendment reported by the committee.

The amendment, in the nature of a substitute, was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment of the Senator from Colorado [Mr. ADAMS] as amended, to the amendment reported by the committee.

The amendment to the committee amendment was agreed to.

Mr. LOGAN. Mr. President, I send to the desk an amendment to the committee amendment which I ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Kentucky to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 38, line 7, after the word "created", it is proposed to insert a comma and the following words:

In the Department of the Interior and under the general supervision of the Secretary thereof.

Mr. LOGAN. Mr. President, it will be observed that the amendment which I offer does not change a single word or line of the bill as it now stands. It simply places the Housing Authority under the Department of the Interior.

There has been very much talk of late about the consolidation of independent offices and boards. If we are going to pursue that policy, the Housing Authority should be placed under one of the departments. The Department of the Interior has control of the Public Works Administration, and has a Public Works Division. The Public Works Division has a Housing Division which has been functioning for 4 years. It is made up of trained men. They have been engaged in slum-clearance projects; and I cannot see any reason for the creation of another independent agency.

Let me say that the only effect of the amendment I offer would be, first, to make the administrator and the directors responsible to the Secretary of the Interior; that is, they would report to the Secretary of the Interior rather than to the President, which is certainly in line with the President's recommendations for the reorganization of the executive departments. Second, the administrator and the directors would be made subject to the supervision of the Secretary of the Interior; that is, the Secretary would have general oversight of the affairs of the Authority, and would have power to approve its major policies, and to coordinate its functions with those of the executive departments.

In my judgment, the amendment ought to be accepted by those who favor the bill. I favor the bill. I expect to vote for it. Heretofore I have offered no amendments to it. I have voted against every amendment, I believe, that has been submitted, because I thought they would weaken the bill; but I must insist as earnestly as I can that we should not at this time create another independent establishment.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. LOGAN. I yield.

Mr. KING. I am inclined to agree with the Senator; but I desire to ask for information, in case the amendment is adopted, whether additional amendments may not be required in order properly to integrate it and connect it with the rest of the bill.

Mr. LOGAN. I do not think so. At least, that is not my advice. None has been called to my attention. The adoption of the amendment would not interfere with the appointment of the board by the President; it would not interfere with the proper functioning of the board; but it would make it a board under the Department of the Interior rather than an independent establishment.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LOGAN. I yield to the Senator from Tennessee.

Mr. McKELLAR. Is it not true also that the adoption of the amendment probably would save the Government a great deal of money, for this reason: Already in the Department of the Interior there is a housing set-up, and already slum-clearance projects have been set up in many of the cities. Those set-ups are already in existence; and it seems to me a great deal of money might be saved to the Government by utilizing the organizations which are already set up rather than setting up additional organizations.

Mr. LOGAN. The Senator from Tennessee is absolutely correct. A housing organization has been set up in every State of the Union. Perhaps there is more than one in some of the States. There is now a housing administration in the Department of the Interior; and it seems to me only logical to conclude that what is proposed in the amendment is the sensible thing to do. Of course it will save money. It seems to be a matter of very little consequence in these days whether we save money or not; but the time may come when we shall wish to save money, and this amendment will save money. It will bring about a more efficient administration of the law. It will start out at once with an experienced organization; and I can see no reason why the amendment should not be adopted.

Mr. BURKE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Nebraska?

Mr. LOGAN. I yield to the Senator from Nebraska.

Mr. BURKE. In line with the query of the Senator from Utah [Mr. KING], if the amendment of the Senator from Kentucky were adopted, would it not be necessary to make a change, for instance, on page 39, in subsection (d), which now reads:

The board shall determine all matters of policy—

And so forth. Is not the effect of the Senator's amendment really to make the board we are setting up merely a bureau in the Department of the Interior, and certainly not a policy-determining board at all?

Mr. LOGAN. As I understand, the administrator would have general supervision. That is, the Secretary of the Interior would have general supervision over the policies of the board. I suppose the board might determine its policies as provided in the section to which the Senator has referred, but it would be under the general supervision of the Secretary of the Interior.

It is possible that there are some places in the bill that would have to be changed, but I may say to the Senator from Nebraska that I discussed this matter with some persons from the Interior Department, and I was advised that it would not be necessary to make other changes in the bill at the present time.

Mr. BURKE. If I may say one further thing, it would seem to me that there are two very different ideas, one relating to a bureau under the Department of the Interior, working under the supervision of the Department, with the heads of this special housing authority, who probably would not be entitled to receive the salaries authorized under the act; and the other idea that embodied in the bill as it was introduced, with a somewhat independent board, a policy-making board. I feel we are going to have great difficulty if we try to mix these two ideas into one.

Mr. TYDINGS. Mr. President, will the Senator from Kentucky yield to me?

Mr. LOGAN. I yield.

Mr. TYDINGS. Has the Senator given any thought to combining the activity provided here with the Federal Housing activity? I make this suggestion because the Federal Housing Authority has operated in every State in the Union. They have had to meet every kind of a condition. They have come directly in contact with private building, and it strikes me that their experience would be of more value in carrying out the proposed law than the P. W. A., which was virtually an employment activity. I believe the Senator would be well advised if he would look into the Federal housing set-up.

Mr. LOGAN. Let me say to the Senator that he is explaining exactly what I have in mind, and what was said, perhaps, before the Senator came into the Chamber by the Senator from Tennessee. It would be my hope and my expectation that when the proposed board, constituting the Housing Authority, should be appointed, it would be a part of the Department of the Interior, and that it would move in and take charge of the Federal Housing Administration as it now exists, and as it exists in the different States, and that it would profit from the experience and the efficiency of the organization which now exists.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. LOGAN. I yield.

Mr. TYDINGS. The Federal Housing Authority, I understand, is under the Department of the Interior.

Mr. LOGAN. The slum-clearance part of the Public Works Administration is under the Department of the Interior, and that is the Federal Housing Administration.

Mr. TYDINGS. But in the work of the P. W. A., which is a branch of the Interior Department, to which the Senator refers——

Mr. LOGAN. That is true.

Mr. TYDINGS. They have been concerned primarily with making grants, and with supervision.

Mr. LOGAN. In slum-clearance projects?

Mr. TYDINGS. In all projects dealing with housing.

Mr. LOGAN. The Federal Housing Administration, the one about which the Senator from Maryland is speaking, of course is separate; but the slum-clearance activity, undertaking to rehabilitate the slums in the cities, is under the Department of the Interior at this time. We may keep on creating bureaus until none of us will know where the jurisdiction is.

Mr. TYDINGS. I agree with the Senator's objective, and he has thought more about it than I have, no doubt; but it strikes me that the Federal Housing Authority could very well have this board as a subordinate part of its activity, rather than the Department of the Interior.

Mr. LOGAN. The Federal Housing Authority, of course, ought to be placed under this board, or some division of it, at some time; but it does not fit in just now. This is a slum-clearance project; it is a low-cost housing project. The Department of the Interior, through its housing division and the Public Works Administration, has been carrying on this work, and has many projects in this country. We are now asked to throw that aside and create a new agency, when we could appoint a Federal Housing Authority, as is provided in the bill, and let it go right on as a bureau of the Department of the Interior.

Mr. TYDINGS. The Senator perhaps has missed my object.

Mr. LOGAN. Perhaps.

Mr. TYDINGS. I wanted to get the board created under the pending bill under the director of the Federal Housing Administration, have all the housing in one place.

Mr. LOGAN. We would then create another independent agency. We try to do too much.

Mr. TYDINGS. The Senator has not followed me.

Mr. LOGAN. The Senator means that this board ought to be placed under the Federal Housing Administration, which is an independent agency.

Mr. TYDINGS. That is correct; in other words, have all the housing in one branch.

Mr. LOGAN. That would require still another act, because the Public Works has its housing division. If the Senate at this time should adopt this amendment and place the Federal Housing Authority, or whatever the name may be in the bill, under the Department of the Interior as the responsible head, then I am quite sure that when the reorganization bill was passed the Federal Housing would go to the same place, and we would have it all under one head.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. CLARK. Is not the Senator in error in his assumption that the Public Works Administration as a whole, including the housing branch of the Public Works Administration, is now part of the Interior Department? It has nothing whatever to do with the Interior Department except for the fact that Mr. Ickes happens to exercise the dual capacity of being Secretary of the Interior and head of the Interior Department, and at the same time being Administrator of the Public Works Administration.

Mr. LOGAN. That is correct.

Mr. CLARK. Technically there is no connection on earth between the Interior Department and the Public Works Administration. It seems to me that what the Senator is doing now is to take advantage of the dual occupation of Secretary Ickes, and undertaking to put into the Interior Department something that has never been there.

Mr. LOGAN. The Public Works Administration is under the Secretary of the Interior. I am not splitting hairs; I try to be rather realistic about things. This proposal simply places this organization likewise under the Department of the Interior, with the Secretary of the Interior having general supervisory powers over the board that is to be appointed. That is all it does.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. McKELLAR. I merely wish to call the attention of the Senator and of the Senate to the fact that the Federal Housing is a different kind of institution from what is proposed here, because the Federal Housing depends for its funds to build houses entirely upon the public. It is a private institution.

Mr. LOGAN. It has no appropriation from the Federal Government at all. The only thing the Federal Housing Administration does is to advise, and its notes are discounted through banks; but it makes no grants; it does not have any appropriation. It is supposed to be self-sustaining, and I believe that, with the recent reduction in its force, it is self-sustaining. That is an entirely different organization. It may be that it should be under the same general control, but it is a separate organization all the time. So we have the slum-clearance project under the Public Works Administration.

Mr. PITTMAN. Mr. President, will the Senator from Kentucky yield to me for a brief statement?

Mr. LOGAN. I yield.

Mr. PITTMAN. A while ago I signed a petition having for its purpose, I believe, a representation to the President that those signing it would favor a special session of the Congress. I have requested the Senators circulating the petition please to strike my name from the petition.

The VICE PRESIDENT. The time of the Senator from Kentucky on the amendment has expired.

Mr. LOGAN. I will take time on the bill.

Mr. PITTMAN. I am sorry to be taking the Senator's time.

Mr. LOGAN. Not at all. The Senator may go right ahead.

Mr. PITTMAN. I feel I made a mistake in signing the petition. I may say that I have expressed to the President personally heretofore my belief that, agricultural legislation not being prepared at this time, it would be better if it were not taken up at this session of the Congress, and that if the President felt like calling a special session of the Congress, I should, of course, be very happy to be here.

I feel now that, it being a constitutional privilege of the President to call a special session of the Congress at such time as he sees fit to do so, it might not be entirely in accord with the proprieties to suggest to him when he should call a special session of the Congress.

Mr. KING. If any.

Mr. PITTMAN. If any. Having stated my view in regard to a special session for farm legislation, I am certain that what I should add by this petition would be little, if anything.

For the reason that I believe that it may be considered as interfering with the constitutional privilege of the President with regard to calling special sessions, I have asked that my name be stricken from the petition.

Mr. LEWIS. Mr. President, I should like to interrogate the Senator from Kentucky.

Mr. LOGAN. I yield.

Mr. LEWIS. Does the Senator from Kentucky in his last observations indicate that he understands that the authority of the present Secretary of the Interior, as controlling all housing generally being pursued through the country, is to be at an end, and a new body being created under the pending bill will supersede the Secretary of the Interior?

Mr. LOGAN. As the bill stands, without this amendment, that is exactly what happens—that a new body is created, and I assume it will supersede the body already in existence, and its work will supersede the work that has already been done by the other body.

Mr. LEWIS. Then two bodies would not exist.

Mr. LOGAN. There would be only one body; and I assume that the Housing Division, which has been engaged in slum-clearance projects, would fold up.

Mr. WAGNER. Under the bill there is a provision authorizing the President to bring into this board or any other board all the present housing activities of the Government; so a consolidation may be made by this legislation.

Mr. LOGAN. I thank the Senator. That may be done; but the fact still remains that the Housing Division of the Public Works Administration, which has been functioning for 4 years, will be completely superseded, its experience need not be considered at all, and the new board is set up as an independent establishment. Under the amendment this board would be placed under one of the departments; and, as I understand it, it has been the policy of the present administration recently to attempt to increase the executive heads, say, to 12, and then to place every agency of government under one of the heads except the quasi-judicial agencies, such as the Interstate Commerce Commission and the Federal Trade Commission.

If this amendment shall be adopted, it will serve to put the Federal Housing Authority under the Department of the Interior, where it properly belongs.

Mr. LEWIS. If I may be pardoned, I should like to say that my purpose in rising was to protest against a measure which would take out of the hands and out of the control of the Secretary of the Interior this Housing Administration, while at the same time he would be held responsible. If, however, this amendment serves to supersede him completely, and he is therefore released from authority or responsibility, that becomes a different subject. So long as he is held responsible, I must respectfully insist that he ought to be continued in his authority.

Mr. LOGAN. I think he ought to be held responsible; and under the statement made by the Senator from New York perhaps the President might take the Housing Authority out of the Department of the Interior and place it under the supervision of this new board. If that is done by the President, we shall have another independent establishement added to the 100 or more whose number we are trying to reduce. So my point is that this activity ought

to be placed in the Department of the Interior, where it can be carried forward as it has been, under men of experience who have been previously trained in this work.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. BRIDGES. Is it true that at the present time we have 35 Federal agencies dealing in some degree with housing?

Mr. LOGAN. I cannot answer the question. If the Senator says that is true I shall not try to deny it, because I do not know.

Mr. President, in conclusion I wish to say that I can see no occasion to take up very much time. Those who have any suggestions or arguments to make, of course, should make them. I have said all I know on this particular subject. I wish to say that when we are ready to take a vote I shall ask for the yeas and nays on the amendment.

Mr. CLARK. Mr. President, it seems to me that the argument of the able and distinguished Senator from Kentucky [Mr. LOGAN] proceeds upon a fundamentally fallacious assumption of fact. He assumes that the present housing division of the Public Works Administration is a bureau in the Department of the Interior. That is not the fact. The Public Works Administration itself is at present and always has been an independent agency; and the only connection it has or ever has had with the Department of the Interior is that the Honorable Harold L. Ickes as an individual happens to be the Secretary of the Interior in the President's Cabinet, and at the same time happens to be the Public Works Administrator, and also the fact that the Public Works Administration has been housed in the building of the Department of the Interior. So it is not a question of consolidating this new agency which is being set up with an agency already existing in the Department of the Interior. It is a question of putting an agency set up for a definite purpose, under a definite act, into the Department of the Interior, where no housing activity ever has been heretofore. In other words, it is extending the jurisdiction of the Department of the Interior to a degree which has never as yet been contemplated by law.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BARKLEY. The Senator from Missouri is absolutely correct so far as the status of the Public Works Administration is concerned. It is a fact, however, that by reason of that combination of duties imposed on the Secretary of the Interior there has been accumulated a very large experience in housing projects and in constructing buildings of the very type contemplated by the bill, and there has been built up a very efficient corps of personnel familiar therewith, which I suppose could be utilized by the Secretary in immediately inaugurating the work under this bill, whereas an independent agency would have to start from the ground up and build up its personnel.

Mr. CLARK. Mr. President, let me say that my experience with the Housing Division of the Public Works Administration has been that their activities and their conception of the whole housing problem has been completely at variance with, not to say in bitter opposition to, the theory of this bill. I have never talked to an official of the Housing Division of the Public Works Administration who did not speak directly or indirectly in opposition to the general theory of this bill. While I am on my feet, Mr. President, let me say further that some localities and some sections have had an extremely unfortunate experience with the Housing Division of the Public Works Administration, which makes some of us reluctant to turn this new machinery over to that agency.

The Senator from Washington [Mr. SCHWELLENBACH] yesterday said that there are no slums in the State of Washington. My own observation when I was last in Washington did not lead me to believe that that was entirely a correct statement. But, be that as it may, as representing in part the State of Missouri, I am not able to make that boast. Unfortunately, we have some slums in some of our cities in Missouri, and I am sorry to say we are as much in need of relief as is the State of New York, the State of Pennsylvania, or the State of Illinois. I should like to see the same slum-clearance relief applied to those sections; but under the policy of the Housing Division of the Public Works Administration some sections of the country were excluded from that relief.

We had a slum-clearance project in St. Louis, as meritorious and needy a one, I assume, as there was in the United States of America; at least, so the officials connected with it told me. The slum-clearance project was worked out, without the slightest suggestion of political influence or any mercenary motives, by a committee that had been in existence for a number of years, headed by Bishop Scarlett, the Episcopal Bishop of the State of Missouri, and on which committee were some of the best technical experts of the Middle West.

Under encouragement from the Public Works Administration that project was proceeding, and options had been secured on 98 percent of the land and buildings involved, without any suggestion by the Public Works Administration or anyone else of any improper profit being involved in the matter. Then, without notice to the persons who had been working on the project for months, an arbitrary deadline was set up of which they were not apprised until afterward, and they and persons who had been working on other projects in other parts of the country were suddenly informed that they were out.

I personally took up the matter with the highest quarters. I was told that the project was a most meritorious one, but that it had been necessary to set up an arbitrary deadline without informing the persons who were working on the project that it had been set up. I was also informed that if the case which had been appealed from the Louisville project to the Supreme Court of the United States were decided adversely to the Government, money would be available for such meritorious projects as the St. Louis project.

When the Government dismissed the appeal, without taking the trouble to pursue it in the Supreme Court of the United States, I hastened down to see what the prospects of the St. Louis project were, and was informed that the Missouri administrator had diverted the money to other purposes without informing me and others interested.

I am for this bill. I hope the Authority set up in this bill under the terms of the amendment proposed by the Senator from Maryland [Mr. TYDINGS], which has been adopted, will be such as to give us a more fortunate experience in the distribution of these benefits than a good many sections of the country have enjoyed under the Public Works Administration.

Mr. President, I do not reflect upon the honest efforts made by the officials of the Housing Division of the Public Works Administration; but, from my experience with them and my observation of how they operate, I repeat that I am convinced that they have been proceeding on an entirely different line and on an entirely different theory of slum clearance than that set up in the bill now before us.

To take the authority and put it in a bureau in the Interior Department to my mind would be to destroy the bill. It may well be, as suggested by the Senator from New Hampshire [Mr. BRIDGES], that, as I personally believe, the housing activities in the various departments and governmental bureaus should be consolidated under a single head; but it seems to me, inasmuch as this is the first really independent bill directed to the establishment of a housing policy in the United States, that the authority set up in this bill should be the head under which other housing activities should be consolidated. To take this authority and make it a mere bureau like any other bureau in a department would be, it seems to me, to destroy the whole effect of the bill. If there is to be a general regrouping of governmental activities through the Government reorganization bill, that is the time to decide where this activity should go, and not now.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CLARK. Certainly.

Mr. O'MAHONEY. Does the Senator believe there should be a secretary of housing under whom should be coordinated all the housing activities of the Government?

Mr. CLARK. No; I do not know that I would go so far as that. That is a question on which I would have an open mind entirely. While I have deplored the recurring creation of new commissions, I am not one who believes that all the temporary independent activities of the Government should be made permanent by being consolidated in a permanent department.

Mr. O'MAHONEY. Does not the argument of the Senator lead to the conclusion that each new agency should be independent unto itself?

Mr. CLARK. Not necessarily; certainly not to the extent of making a Cabinet officer out of the head of each activity. For instance, I think the various purchasing agencies of the Government should be consolidated in one agency, but I would not necessarily say that the head of that agency should be made a Cabinet officer.

Mr. O'MAHONEY. What agency or department would be more appropriate to have general supervision of housing than the Department of the Interior, supposedly devoted to the consideration of matters which affect the interior of the United States?

Mr. CLARK. As I understand, all these departments and bureaus are to be taken up, put in a hat, shaken up, and then separated and given new form. I cannot see any particular reason at this time for an effort on the part of one of the departments to reach out and take possession of this proposed activity.

Mr. O'MAHONEY. Is not the Senator aware that the plan to put them all in a hat and shake them up is a plan which conveys to the President the authority to do the shaking up?

Mr. CLARK. Yes; and I am not in favor of that plan.

Mr. O'MAHONEY. The Senator probably, then, would be in favor of a plan by which the Congress in creating an agency should designate the department under which that agency would be supervised?

Mr. CLARK. That would be true if I were necessarily convinced that every governmental agency should be subordinated to the head of a permanent department.

Mr. O'MAHONEY. Does not the Senator agree that it would promote efficiency to have all the independent agencies correlated under departments having to do with the general subject matters with which the respective agencies deal?

Mr. CLARK. That is another and separate and very large subject for discussion which will undoubtedly be debated at length in the next session of Congress, and which I do not feel either called on or able to discuss in the short time at my disposal today. The theory of the bill is to set up a housing authority to be head of the laboratory on the subject of housing, and to make it a subordinate bureau in the Department of the Interior, to my mind, would destroy the purpose of the bill.

Mr. WALSH. Mr. President, this is a subject which was given a great deal of thought and consideration by the committee which conducted the hearings and had charge of the preparation and reporting of the bill. The conclusion which the members of the committee reached, and it was a unanimous conclusion, was that the activities proposed to be carried on under the terms of the bill should be carried on by an independent bureau and agency. Furthermore, every sincere advocate of the objectives of the bill that I have contacted in the Senate or outside of the Senate has been opposed to the suggestion contained in the amendment offered by the distinguished Senator from Kentucky [Mr. LOGAN.]

Nearly every person who has made a study of Federal activities in the housing field is in general accord with the sentiments expressed by the Senator from Missouri [Mr. CLARK]. For some reason or other, and I am not going to debate it, a great deal of dissatisfaction has been developed over the operations in the housing division of the P. W. A. A great deal of it is due to the fact that they have not entered into the field of slum clearance in the manner desired by those who are most anxious to have the Federal Government make some move in that direction rather than a mere gesture in the field of better housing for families of low incomes. They make a defense of this criticism. There was no Federal law permitting the Federal Government to enter into the realm of Government housing. The P. W. A. had no legislative authority to do what they did. They assumed the power under Executive order, largely based upon the principle that there should be set aside from the emergency funds appropriated by the Congress a certain definite fund for the promotion of employment among the unemployed in the building crafts and this was accomplished by setting up, throughout the country, housing projects.

Furthermore, there was no constitutional authority vested in the P. W. A. or any other Government agency to condemn property and to undertake the removal of slums or obtain land for building houses except by outright purchase. The record which they have made—and I want to be fair about it, because there is some defense to be made—is unfortunately not one that has met with popular approval. So strong is the feeling against this proposed activity being given to the Housing Division of the P. W. A. that really all local housing authorities are opposed to granting the powers set forth in this bill to the P. W. A. They believe it would result in the general disapproval of and disappointment on the part of all existing local housing authorities.

I desire to read here—and this has some bearing upon the amendment offered yesterday by the junior Senator from Virginia [Mr. BYRD]——

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WALSH. May I finish this statement? Then I shall be glad to yield.

Mr. O'MAHONEY. I thought the Senator had come to the end of one statement.

Mr. WALSH. I shall be very glad to yield at this point, if the Senator desires.

Mr. O'MAHONEY. My attention was directed to the statement which the Senator has just made. Was this matter of coordination with any other bureau or department discussed before the committee?

Mr. WALSH. Yes; and practically every witness who appeared before the committee opposed it. I cannot recall a single witness, unless it was a representative of the P. W. A., who did not oppose the transfer of this activity to the W. P. A.

Mr. O'MAHONEY. Was the representation which the Senator has just quoted, that practically all of the local authorities would resent placing supervision under the Secretary of the Interior, brought out before the committee?

Mr. WALSH. It was not.

Mr. O'MAHONEY. Does the Senator take the position that this new Federal housing authority should be absolutely independent of all other branches of the Government?

Mr. WALSH. I do, at least at the outset; and I particularly agree that it should be done in view of the very excellent amendment offered by the senior Senator from Kentucky [Mr. BARKLEY] giving the President complete personal control over the expenditure of the money and the making of contracts and loans by the United States Housing Authority. I think it is very essential that at the outset the President shall take a strong directing hand in this new Federal activity.

I do not wish to divulge any confidences, but I think if all the facts were known—and I have not any authority to quote anyone directly—it would be found that the President himself has been completely satisfied with the housing program of the Federal Government. I cannot vouch for that statement, but I do know that he is deeply and sincerely interested in the slum-clearance aspect of this housing question.

Mr. O'MAHONEY. Mr. President, I think most of us are interested in the slum-clearance phase of the problem and

desire to see slum-clearance carried on; but the subject now under discussion under the amendment offered by the Senator from Kentucky [Mr. LOGAN] does not go to the merits of the question at all. It goes merely to the question of administrative functioning, and whether or not we should continue to create new administrative bureaus.

Mr. WALSH. I know how the Senator from Wyoming feels about that matter, and I agree with him that as a general principle he is right. The committee would have much preferred to give this authority to some existing agency of the Government; but if adopted the effect of the amendment would be that we shall have the United States housing authority conducting hearings and making decisions and determining policies. Then we shall have the Interior Department passing judgment upon their activities and their agreements and their contracts. Then we shall have the President passing on the same decisions. We shall have three different officials dealing with the subject before anything of a final policy can be settled.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. WALSH. I yield to the Senator from Kentucky.

Mr. LOGAN. In the statement just made by the Senator he has outlined exactly the procedure that has been followed by the Public Works Administration. I ask the Senator if he knows of any emergency agency of the Government which has functioned better, and in the case of which the people receive more value from the money expended, than the Public Works Administration in its operation during the past 4 years?

Mr. WALSH. Mr. President, I am sorry that I cannot agree with the Senator in that respect. First of all, I am not fully informed. My distinct impression is, however, that there has been a general feeling of disappointment about the housing program of the Housing Division of the P. W. A.

Mr. McKELLAR. Mr. President——

Mr. WALSH. I regret to have to say that, and I admit that I am not fully informed on the facts. Perhaps I ought not to make the statement; but I have the impression that the activities in that direction have been disappointing because their efforts have been in the general housing field. Indeed, if time permitted I could give some evidence of very high prices paid for some of the property on which houses have been built.

The answer the P. W. A. authorities make is, "We had no power to condemn. Therefore, in order to do anything at all, we had to go out and make the best bargains we could and pay these high prices for private property in order to do any building."

Mr. LOGAN. That is true; but the Senator is speaking of the Housing Division of the Public Works Administration.

Mr. WALSH. I am.

Mr. LOGAN. I am speaking of the other work, which, after it is originated, goes to the board, then goes to the Secretary of the Interior, and then goes to the President, which is exactly the same course which will be pursued if the amendment I have offered shall be adopted.

Let me say to the Senator, and then I shall have concluded, that I do not know how people elsewhere feel about the Public Works Administration; but in my State, during the 4 years in which it has operated, there has never been a single complaint of any kind against the operations of the Public Works Administration.

Mr. WALSH. My comments were directed entirely to the Housing Division. I agree with the Senator that so far as I have been able to obtain the facts, in the operations between the local authorities and the Public Works Administration, in the allotment of funds, in the development of local projects, the work has been satisfactorily done.

Mr. McKELLAR. Mr. President——

Mr. WALSH. I yield to the Senator from Tennessee.

Mr. McKELLAR. Also I desire to suggest that when bonds and other securities were taken from the local authorities by the P. W. A. and then sold to the R. F. C., not only have those bonds and other securities been so carefully taken by the P. W. A. as to bring the Government out whole but the Government really has made a profit of about $10,000,000 on that phase of the transactions.

Mr. WALSH. I thank the Senator for that information.

Mr. McKELLAR. I think the P. W. A. has done a wonderful work in this country.

Mr. WALSH. Mr. President, perhaps the statement I am now about to make has only an indirect bearing upon the issue here, and has a more direct bearing upon the amendment offered yesterday by the distinguished junior Senator from Virginia [Mr. BYRD], but it is illuminating.

The figures I now present represent the cost per room of buildings actually constructed by the P. W. A. in comparison with houses built by private owners in cases in which mortgages have been taken by the R. F. C. or private banks and these mortgages insured by the Federal Housing Administration.

In the city of Boston the P. W. A. has spent $1,566 per room on the building projects it has undertaken. In the city of Chicago it has spent $1,746 per room in one project, $1,520 in another, and $1,628 in another. In Binghamton, N. Y., it has spent $1,318 per room; in Omaha, $1,530; in Detroit, $1,623.

Now, mark you, where private capital has built houses for low-income groups, where limited-dividend housing corporations have done the work and the mortgages thereon have been insured by the Federal Housing Administration, the average on 22 projects built or estimated for the past 2 years is $1,147 per room against $1,566 by the P. W. A. in the city of Boston, and $1,746 in the city of Chicago. This represents an increased cost of almost 33⅓ percent for housing through Government funds.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. CONNALLY. Is that exclusive of the land?

Mr. WALSH. No; including the land.

Mr. CONNALLY. There is the difference. The amendment of the Senator from Maryland [Mr. TYDINGS] excluded the value of the land.

Mr. WALSH. But my purpose in presenting these figures at this time was to call attention to the fact that there is some reasonable ground for the criticism that the housing projects in the Housing Division of the P. W. A. have not been as economically conducted and managed as they ought to have been.

Mr. President, I think I have said all I desire to say upon this subject, but I feel very strongly, and I desire to repeat that the sentiment of the earnest friends of this measure, the unanimous sentiment of the members of the committee, the almost unanimous testimony before the committee, all the public sentiment I have been able to get, except in the case of Senators who are interested in not establishing any more units of governmental activity, has been to the effect that this activity could best be done by persons who would make it a real slum-clearance job.

Mr. GEORGE. Mr. President——

Mr. WALSH. I yield to the Senator from Georgia.

Mr. GEORGE. I should like to ask the Senator whether the Public Works Administration has not striven with the rehousing problem primarily—that is, obviously, from its efforts and from its accomplishments—has striven to provide housing at low cost, but having no necessary connection with the removal of slums whatsoever?

Mr. WALSH. That has been the general result of their activities.

Mr. GEORGE. Slum clearance was largely incidental?

Mr. WALSH. Yes; and they admit it, and they asserted that because they did not have legal authority they could not do it. They make that defense of their position, which I think is entitled to consideration.

Mr. GEORGE. I am not offering my observation as a criticism; but I have understood that the Public Works Administration was driving at housing at a reasonable cost, or even a low cost, but not necessarily for slum dwellers or people who had previously occupied slums; that that seemed to have been the purpose back of their activities.

Mr. WALSH. The Senator is correct.

Mr. GEORGE. I agree with the Senator from Massachusetts fully that the defense that anyone can make of this program seems to me to rest exclusively upon the basis of slum clearance, and the alleviation and elimination of that type of habitation in our great metropolitan areas, largely, because the Senator may recall that the first day of the debate something was said between the Senator from New York and myself about how slums could exist in rural areas. Strictly speaking, a slum cannot exist in a really rural section, unless we mean within a village or city surrounded by farms. But a slum, in the strict sense, cannot exist on farms, or what we know as rural areas, and I do not believe it does exist.

Mr. WALSH. I thank the Senator. I ask that the table which I send to the desk may be printed in the RECORD in connection with my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Cost per room of buildings actually constructed

	Number of rooms	Building cost	Price per room (building only)	Price per unit (of 4 rooms)
Boston (Public Works Administration in depression years)	3,912	$6,124,751	$1,566	$6,264
Chicago (Public Works Administration in depression years)	2,514	4,390,911	1,746	6,984
Do	1,070	1,626,918	1,520	6,080
Do	3,254	5,301,362	1,628	6,512
Miami (Public Works Administration in depression years)	860	956,127	1,112	4,448
Birmingham (Public Works Administration in depression years)	1,588	2,093,850	1,318	5,272
Enid (Public Works Administration in depression years)	311	532,340	1,711	6,844
Omaha (Public Works Administration in depression years)	1,119	1,709,541	1,530	6,120
Detroit (Public Works Administration in depression years)	2,356	3,873,697	1,643	6,572
New York (Knickerbocker Village) private capital under Federal Housing Administration	5,235	6,148,391	1,174	4,696
Federal Housing Administration low-cost projects by private capital (average of 22 projects built or estimated in last 2 years)			1,147	4,588

Mr. WAGNER. I concur in the conclusion reached by the Senator from Massachusetts. I have had charge of this proposed legislation, and, of course, have been much interested in it. I think every witness who appeared before the committee, except the representative from the housing authority of the Interior Department, testified in favor of an independent board. I was one of the few who drafted the legislation, and we proceeded on the theory of an independent board, because we felt the work could be more effectively done under an independent board. In addition, there is a provision in the bill which authorizes the President to transfer the very bureau about which we are talking to the housing board. So that the authority would exist for the consolidation of all of the housing authorities by the President.

I have not had a chance to reflect upon this proposal because it is presented at the last moment in the consideration of the measure, and frankly I do not think it is fair to me. We are suddenly asked, instead of making this an independent board, to make it a mere bureau under the Secretary of the Interior, so that he would have complete control over all of the activities of the board.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. BYRNES. Did the Senator state that in the bill there is a provision authorizing the President to transfer the activities?

Mr. WAGNER. Oh, yes.

Mr. McKELLAR. What section?

Mr. WAGNER. On page 40, section (c), it is provided:

> The President may at any time in his discretion transfer to the Authority any right, interest, or title held by any department or agency of the Federal Government in any housing or slum-clearance projects, any assets, contracts, records, libraries, research materials and other property held in connection with any housing or slum-clearance projects or activities, any unexpended balance of funds allocated to such department or agency for the development, administration, or assistance of any housing or slum-clearance projects or activities, and any employees who have been engaged in work connected with housing or slum clearance. The Authority may continue any or all activities undertaken in connection with projects so transferred, subject to the provisions of this act.

That gives the President the authority.

Mr. BYRNES. Does the Senator construe that as giving the President authority to transfer the authority to some existing executive department if he so desires?

Mr. McKELLAR. I do not think it does.

Mr. WAGNER. No. But the employees who are now working in the Department of the Interior, conducting housing activities, may be transferred to the authority set up under the bill.

Mr. BYRNES. I thought this language gave to the President the authority to transfer, under the language on line 20, "any right, interest, or title held by any department * * * in any housing project", the title to the land.

Mr. WAGNER. That is not the provision. I refer to page 41, line 3, "and any employees who have been engaged in work connected with housing or slum clearance."

Mr. BYRNES. It gives him the authority to transfer the title, or any employees?

Mr. WAGNER. He may transfer any employees. I have no criticism to make of the Secretary of the Interior, of course. But we have been discussing this bill since early winter, when I first introduced it, until the present time. Hearings were held before the committee, and no suggestion was presented to me until late yesterday that there was to be any supervision by the Interior Department.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. CONNALLY. On page 63, section 20, subsection (b), I note this provision:

> That any unallocated funds—

Mr. WAGNER. That is to be stricken out.

Mr. CONNALLY. I hope the Senator will have it stricken out.

Mr. WAGNER. I made the statement on the floor a day or so ago I would move to strike it out, and I have the amendment on my desk.

Mr. CONNALLY. I congratulate the Senator.

Mr. BYRNES. Would the Senator say that the construction of the language on page 40 to which he called attention would give the President the power to transfer from any existing department the title to any lands in any projects held by any existing department to the authority created by the pending bill?

Mr. WAGNER. Yes; and, in addition, the employees.

Mr. McKELLAR. And unexpended balances.

Mr. WAGNER. In connection with the project, that means, of course.

Mr. BYRNES. Any projects, title to which is held by the Department of the Interior or any other department, can be transferred to the authority?

Mr. WAGNER. If the President deems it wise.

Mr. BYRNES. No project authorized under this bill could be transferred to the Department of the Interior, however.

Mr. WAGNER. No; but in connection with this whole subject matter, as to what department the board ought to be under, the Senator from Maryland thought it ought to be under the Federal Housing Administration. I am sure that the whole matter is going to be considered when the reorganization bill comes before us. Of course the board will then be put under some department of the Government. I do not know what the Senate will decide to be the proper department under which the board should act. But that will be the time to act upon that question.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. O'MAHONEY. If the amendment of the Senator from Kentucky [Mr. LOGAN] were altered so as to provide that this general supervision by the Secretary of the Inte-

rior should be confined to what has been known as the housekeeping functions, would there be any serious objection to that?

Mr. WAGNER. Just what does the Senator from Wyoming mean by that?

Mr. O'MAHONEY. The Senator will recall that when this matter was under discussion a few days ago I drew attention to the fact that the bill which is now under consideration by the Special Committee on Reorganization carries a provision authorizing the President to consolidate, under the various departments and agencies, these executive functions, such as the preparation of estimates of appropriation, the maintenance of personnel, records of procurement of material, supplies and equipment, the accounting for public funds, the rental of quarters, and related matters.

Mr. WAGNER. Matters related to what?

Mr. O'MAHONEY. Matters related to the specific matters recited before—the so-called administrative housekeeping functions.

Mr. WAGNER. I suppose there is a great deal in what the Senator says, but let me ask the Senator from Wyoming, who is so much interested in the whole reorganization program and who knows a good deal about it, whether the logical time to do that is not when the committee comes forward with its reorganization bill, and in that bill the committee will either designate the department or give the power to the President to put this particular board into any department that the committee at the time shall deem advisable?

Mr. O'MAHONEY. I am disposed to go along with the Senator from New York on this matter as much as possible, but I do have the feeling that when Congress is studying the problem of coordinating the various activities of the Government it is an illogical thing at the same time to be creating independent agencies, when necessarily the creation of these independent agencies carries with it the appointment of additional personnel and the duplication of effort.

Mr. WAGNER. There will not be any additional personnel, I will say to the Senator.

Mr. O'MAHONEY. There could not help but be additional personnel.

Mr. WAGNER. I do not see that at all, because the employees engaged in housing activities and slum-clearance activities may be transferred. I do not want to be obstinate about this at all, except to say that it may be that later on the Reorganization Committee or the President may decide that this board ought to go into another department. Are we in a position now to determine what department this particular board ought to go to under the reorganization program?

Mr. O'MAHONEY. Mr. President, I think that the Department of the Interior is very well situated for that work.

Mr. WAGNER. Probably it would be chosen.

Mr. O'MAHONEY. Without regard to the personality of the one who happens to be directing it.

Mr. WAGNER. I have the highest regard for the ability and integrity of the Secretary of the Interior.

Mr. O'MAHONEY. Mr. President, I have no desire to trespass upon the Senator's time.

Mr. WAGNER. I have concluded.

Mr. O'MAHONEY. In order that the matter may be clearly before the Senate, the suggestion which I have made, and upon which I asked an expression of the Senator's opinion, would be as follows. Taking paragraph (d) on page 39 as it now stands, together with the amendment offered by the Senator from Kentucky, and the modification which I have suggested, the three together would read as follows:

(d) The board shall determine all matters of policy, and shall exercise the powers hereinafter granted to the Authority. The Administrator shall be in charge of the management and routine administration of the Authority in the Department of the Interior, and under the general supervision of the Secretary thereof, with regard to the executive functions of the Authority, such as the preparation of estimates of appropriation, the maintenance of personnel, records of procurement of material, supplies and equipment, the accounting for public funds, the rental of quarters, and related matters.

I now ask the Senator whether that amendment would be objectionable to him.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. COPELAND. May I ask our leader whether he intends to go on with the housing bill tonight?

Mr. BARKLEY. Mr. President, I had hoped today, as I had hoped yesterday, that we might conclude the consideration of the bill before the end of the day, but probably we cannot do so.

In that connection I wish to say that I propose to move for a recess until 11 o'clock tomorrow; and I also wish to say that unless we can make more progress in the next week or two than we have made in the last week or so, we shall not be able to adjourn this session of Congress by the 25th of this month or the 1st day of September, and we may look forward to the possibility of night sessions in order that we may get through in the near future. I hope Members of the Senate will cooperate to avoid that; but we have not gone as fast on this bill as we should have gone.

I had contemplated moving at 5:30 today a recess until 11 o'clock tomorrow; but I did hope we might pass on the amendment now pending.

RIVERS AND HARBORS

Mr. COPELAND. Mr. President, I should like to ask my leader a question. I am under compulsion to leave Washington tonight for a couple of days; and I should very much like to have action on two bills, the omnibus rivers and harbors bill and the omnibus flood-control bill. I think action on them will take only a very few minutes. Every project in the bills has been approved by the Army engineers and passed upon by the Commerce Committee. Various surveys are contained in the bills, which we always permit to be included as a matter of courtesy. If it is not disagreeable to my leader, I ask unanimous consent——

Mr. BARKLEY. Mr. President, before the Senator does that, I want to say that it is not disagreeable; but I should like to inquire whether, without further debate, we might vote upon the pending amendment and clear that up, and then take up the two matters referred to by the Senator from New York.

Mr. BYRNES. Mr. President, I desire to say a few words on the amendment.

Mr. BARKLEY. If there is to be further debate on the amendment, perhaps we cannot have a vote on it tonight.

Mr. McKELLAR. Mr. President, may I ask the Senator from New York what was his request in regard to the bills?

Mr. COPELAND. I first ask unanimous consent that the Senate proceed to the consideration of Calendar No. 939, being House bill 7051, which is the omnibus rivers and harbors bill, together with the surveys which have been requested by almost every Senator.

Mr. BARKLEY. Mr. President, I am advised that we cannot vote on the pending amendment now. Therefore, I ask unanimous consent that the unfinished business be temporarily laid aside in order that the Senator from New York may present his request.

Mr. McKELLAR. Before that is done, Mr. President, I should like to have a copy of the bill.

Mr. COPELAND. It is House bill 7051.

The PRESIDENT pro tempore. Request has been made by the Senator from Kentucky [Mr. BARKLEY] for unanimous consent that the unfinished business be temporarily laid aside, in order that the Senate may proceed to consider House bill 7051. Is there objection?

Mr. McKELLAR. Mr. President, just one moment. Before unanimous consent is granted I desire to ask the Senator from New York if an item concerning Memphis and Cairo is included in the bill.

Mr. COPELAND. Is that for a survey?

Mr. McKELLAR. No. Does the bill apply only to surveys?

Mr. COPELAND. It applies to surveys and to projects which have been approved. It does not apply to any others.

Mr. McKELLAR. As I recall, the projects at Memphis and Cairo have been approved. They do not appear to be in the bill.

Mr. COPELAND. That, Mr. President, is a flood-control matter and is contained in the other bill.

Mr. McKELLAR. Then, Mr. President, I have no objection.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request that the unfinished business be temporarily laid aside and that the Senate consider House bill 7051?

There being no objection, the Senate proceeded to consider the bill (H. R. 7051) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which had been reported from the Committee on Commerce, with amendments.

The PRESIDENT pro tempore. The clerk will state the first committee amendment.

The first amendment of the Committee on Commerce, on page 3, line 23, after the word "numbered", to strike out "244;" and insert "244," so as to read:

Irvington Harbor, N. Y.; House Document No. 244, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was on page 4, after line 3, to insert the following:

Sandy Hook Bay off Atlantic Highlands, N. J.; House Document No. 292, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 4, after line 16, to insert:

Indian River Inlet and Bay, Del.; Rivers and Harbors Committee Document No. 41, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 4, after line 19, to insert:

Susquehanna River at Havre de Grace, Md.; House Document No. 322, Seventy-fifth Congress.

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I desire to inquire of the Senator from New York what is the total sum authorized by this bill?

Mr. COPELAND. Each project is one which is approved by the Army engineers. These are merely authorizations. The total of the authorizations is $48,715,000.

Mr. O'MAHONEY. How many States are affected by the authorizations?

Mr. COPELAND. Forty States.

Mr. O'MAHONEY. What has been the attitude of the Bureau of the Budget with respect to them?

Mr. COPELAND. These are authorizations. They are not appropriations.

Mr. O'MAHONEY. I understand that, but has the Bureau of the Budget expressed any opinion whatsoever with respect to whether or not the authorizations should be granted?

Mr. COPELAND. No.

Mr. McKELLAR. Mr. President, does the bill authorize appropriations which will be asked for in the coming deficiency bill?

Mr. COPELAND. Not this year. The Bureau of the Budget has expressed no objection to these projects. We will ask for no money this year.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Commerce was on page 8, after line 22, to insert:

Clearwater Harbor, Fla.: Experimental dredging to determine if a channel may be maintained by dredging alone, at a cost to the Federal Government not to exceed $15,000, subject to local interests furnishing all necessary rights-of-way and spoil-disposal areas free of cost to the United States and contributing to the cost of the improvement an amount equal to the funds provided by the United States.

The amendment was agreed to.

The next amendment was, on page 9, after line 6, to insert:

Intracoastal Waterway from Apalachicola Bay to St. Marks River, Fla.; House Document No. 291, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 9, line 19, after the word "Committee", to strike out "Document" and insert "Documents"; and in line 20, after the words "Seventy-fourth", to strike out "Congress;" and insert "Congress, and 44, Seventy-fifth Congress", so as to read:

Mobile Harbor, Ala.; Rivers and Harbors Committee Documents Nos. 69, Seventy-fourth Congress, and 44, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 9, after line 20, to insert:

Bayous La Loutre, St. Malo, and Ysckloskey, La.; House Document No. 275, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 9, after line 22, to insert:

Bayou Dupre, La.; House Document No. 321, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 10, after line 2, to insert:

Calcasieu River and Pass, La.; House Document No. 299, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 10, after line 14, to insert:

Texas City Channel, Tex.; Rivers and Harbors Committee Document No. 47, Seventy-fifth Congress;

The amendment was agreed to.

The next amendment was, on page 11, after line 5, to insert:

Mississippi River, Minneapolis, Minn.: Extension of the 9-foot channel above St. Anthony's Falls, in accordance with the plan contained in House Document No. 137, Seventy-second Congress, first session, subject to such changes therein as may be found advisable by the Chief of Engineers and the final approval of the plan by the Board of Engineers for Rivers and Harbors, as necessary to provide adequate terminal facilities for Minneapolis.

The amendment was agreed to.

The next amendment was, on page 11, after line 21, to insert:

Racine Harbor, Wis.; Rivers and Harbors Committee Document No. 46, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 12, after line 8, to insert:

Monroe Harbor, Mich.; Rivers and Harbors Committee Document No. 45, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 13, after line 7, to insert:

Sacramento River flood control, California; Senate Commerce Committee Document, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 14, after line 22, to insert:

Sitka Harbor, Alaska; House Document No. 268, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 15, after line 7, to insert:

San Juan Harbor, P. R.; Rivers and Harbors Committee Document No. 42, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 15, after line 9, to insert:

Arecibo Harbor, P. R.; Rivers and Harbors Committee Document No. 43, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 15, line 15, after the words "Seventy-fifth", to strike out "Congress;" and insert "Congress.", so as to read:

St. Thomas Harbor, Virgin Islands; House Document No. 200, Seventy-fifth Congress.

The amendment was agreed to.

The next amendment was, on page 17, line 19, after the word "Dam", to strike out the comma and "First Stage", so as to read:

SEC. 3. That for the purpose of improving navigation, controlling floods, regulating the flow of streams, providing for storage and for delivery of stored waters, for the reclamation of lands, and other beneficial uses, and for the generation of electric energy as a means of financially aiding and assisting such undertaking, the project known as "Marshall Ford Dam", Colorado River project, in Texas, is hereby authorized and adopted, and all contracts and agreements which have been executed in connection therewith are hereby validated and ratified, and the Secretary of the Interior, acting through such agents as he may designate, is hereby authorized to construct, operate, and maintain all structures and incidental works necessary to such project, and in connection therewith to make and enter into any and all necessary contracts, including contracts amendatory of or supplemental to those hereby validated and ratified.

The amendment was agreed to.

The next amendment was, on page 18, after line 19, to insert:

Northeast Harbor, Maine.

The amendment was agreed to.

The next amendment was, on page 18, after line 19, to insert:

Presumpscot River, Maine.

The amendment was agreed to.

The next amendment was, on page 18, after line 20, to insert:

Portland Harbor, Maine, north of House Island, to determine advisability of removing shoal.

The amendment was agreed to.

The next amendment was, on page 19, after line 2, to insert:

Ipswich River, Mass.

The amendment was agreed to.

The next amendment was, on page 19, after line 13, to insert:

Clinton Harbor, Conn.

The amendment was agreed to.

The next amendment was, on page 19, after line 23, to insert:

Waterway from Albany to Schenectady, N. Y., by way of Hudson and Mohawk Rivers, with a view to securing a depth of 27 feet and suitable width.

The amendment was agreed to.

The next amendment was, on page 20, after line 12, to insert:

Baltimore Harbor and channels, Md.

The amendment was agreed to.

The next amendment was, on page 21, after line 11, to insert:

Channels to and near Jefferson Islands, Chesapeake Bay, Md., with a view to their establishment as an aid to navigation and the establishment of a harbor of refuge.

The amendment was agreed to.

The next amendment was, on page 21, after line 25, to insert:

Folly Creek, Accomac County, Va.

The amendment was agreed to.

The next amendment was, on page 22, after line 6, to insert:

Woods Creek, Middlesex County, Va.

The amendment was agreed to.

The next amendment was, on page 22, after line 21, to insert:

Dolls Creek, N. C.

The amendment was agreed to.

The next amendment was, on page 23, after line 3, to insert:

Channel from Edenton Bay, N. C., into Pembroke Creek to United States fish hatchery.

The amendment was agreed to.

The next amendment was, on page 23, line 23, after the words "Indian River", to insert "Indian River (Vero Beach)", so as to make the paragraph read:

Indian River: Indian River (Vero Beach) St. Johns River Waterway, Fla.

The amendment was agreed to.

The next amendment was, on page 24, after line 2, to insert:

Calcosahatchee River and Lake Okeechobee drainage areas, Florida, with a view to constructing additional levees between Kissimmee River and Fisheating Creek.

The amendment was agreed to.

The next amendment was, on page 25, after line 3, to insert:

Bayou Teche, La.: Upper portion, with a view to improvement in the interest of navigation and flood control.

The amendment was agreed to.

The next amendment was, on page 25, after line 7, to insert:

Colorado River and its tributaries, Texas, with a view to its improvement in the interest of navigation and flood control.

The amendment was agreed to.

The next amendment was, on page 25, after line 9, to insert:

Goose Creek, Tex.: Deep-water channel and port.

The amendment was agreed to.

The next amendment was, on page 25, after line 10, to insert:

Arroyo Colorado, Tex. A channel from a point at or near Mercedes, Tex., to its mouth, thence south in Laguna Madre to Port Isabel.

The amendment was agreed to.

The next amendment was, on page 25, after line 13, to insert:

Survey of channel for purposes of navigation from Jefferson, Tex., to Shreveport, La., by way of Jefferson-Shreveport waterway, thence by way of Red River to mouth of Red River in the Mississippi River, including advisability of water-supply reservoirs in Cypress River and Black Cypress River above head of navigation.

The amendment was agreed to.

The next amendment was, on page 25, after line 20, to insert:

Brazos River, Tex., a comprehensive survey with a view to preparing plans, estimates of the cost of improvements for navigation, flood control, water conservation, and reclamation, excluding therefrom work now in progress under the Works Progress Administration. The expense of such survey shall be paid from appropriations heretofore or hereafter made for examination, surveys, and contingencies of rivers and harbors.

The amendment was agreed to.

The next amendment was, at the top of page 26, to insert:

Allens Creek, a tributary of the Brazos River in Austin County, Tex., in the interest of navigation and of flood control.

The amendment was agreed to.

The next amendment was, on page 26, after line 3, to insert:

Mill Creek, a tributary of the Brazos River in Austin County, Tex., in the interest of navigation and of flood control.

The amendment was agreed to.

The next amendment was, on page 26, after line 6, to insert:

Navidad River, Tex., in the interest of navigation and of flood control.

The amendment was agreed to.

The next amendment was, on page 26, after line 8, to insert:

Lavaca River, Tex., in the interest of navigation and of flood control.

The amendment was agreed to.

The next amendment was, on page 26, after line 10, to insert:

Channel or channels across Padre Island, Tex., from Laguna Madre to the Gulf of Mexico.

The amendment was agreed to.

The next amendment was, on page 26, after the amendment just adopted, to insert:

Canal from Ouachita River to Huttig, Ark.

The amendment was agreed to.

The next amendment was, on page 26, after line 17, to insert:

Saginaw Bay, Mich.

The amendment was agreed to.

The next amendment was, on page 27, after line 5, to insert:

Erie Harbor, Pa., Beach No. 2.

The amendment was agreed to.

The next amendment was, on page 27, after line 6, to insert:

Rochester (Charlotte) Harbor, Genesee River, N. Y.

The amendment was agreed to.

The next amendment was, on page 27, after the amendment just agreed to, to insert:

Harbor at Del Mar, Calif.

The amendment was agreed to.

The next amendment was, on page 27, after line 19, to insert:

Necanicum River, Oreg.

The amendment was agreed to.

The next amendment was, on page 27, after line 23, to insert:

Port Angeles Harbor, Wash.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments. If there are no further amendments to be offered, the question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

FLOOD CONTROL

Mr. COPELAND. Mr. President, I ask unanimous consent for the immediate consideration of Calendar 940, the bill H. R. 7646, known as the flood-control bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York?

Mr. McKELLAR. Mr. President, pending the request and reserving the right to object——

Mr. COPELAND. Mr. President, I suggest to the Senator from Tennessee that he let us proceed with the other amendments, and meantime he can look up his amendment, and before we take final action on the bill he will be ready to proceed with it.

Mr. McKELLAR. Very well.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill as requested by the Senator from New York?

There being no objection, the Senate proceeded to consider the bill (H. R. 7646) to amend an act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved June 22, 1936, which had been reported from the Committee on Commerce with an amendment, on page 7, to strike out lines 18 to 24, inclusive, all of pages 5 and 6, and lines 1 to 24, inclusive, on page 7, as follows:

"Santa Ana River and tributaries, Calif.
"South Fabius River in northeast Missouri.
"Willow Creek, Oreg.
"Cherry Creek and its tributaries, Colo.
"Zumbro River and the Whitewater River in southeastern Minnesota.
"Saline River, Ark.
"Alameda and San Lorenzo Creeks and their tributaries, Calif.
"Arkansas River in Sequoyah and Haskell Counties, Okla.
"Chariton River in Schuyler County, Mo.
"Galena River (Fever River) in Illinois and Wisconsin.
"San Jacinto River, and its tributaries, in Montgomery, Walker, San Jacinto, Grimes, Waller, Liberty, and Harris Counties, Tex.
"Kissimmee River Valley and its tributaries, Fla.
"Pejaro River, Calif.
"Dugdemonia Bayou, La.
"Mississippi River and tributaries in vicinity of Memphis and Shelby County, Tenn.
" 'The Narrows' on Fourche La Fave River in Scott County, Ark.
"Cumberland River and its tributaries in the vicinity of Nashville, Tenn.
"Cumberland River and its tributaries in the vicinity of Clarksville, Tenn.
"Floyd River, Iowa.
"Little Sioux River, Iowa.
"Tygart River and tributaries in the vicinity of Elkins, W. Va.
"North Branch of Potomac River and its tributaries in the vicinity of Keyser, W. Va.
"Santa Ana River and Banning Canyon in counties of San Bernardino and Riverside, Calif.
"Mojave River, in the county of San Bernardino, Calif.
"Lytle Creek, Waterman Canyon, in the county of San Bernardino, Calif.
"San Jacinto River and Bautiste Creek in the county of Riverside, Calif.
"Boeuf River, Catahoula, Franklin, Caldwell, Richland, West Carroll, and Morehouse Parishes, La.
"Bayou Macon, Franklin, Madison, Richland, East Carroll, and West Carroll Parishes, La.
"Ouachita River and tributaries, La.
"Russian River, Calif.
"Buckhannon River and Middle Fork River and their tributaries in the vicinity of Buckhannon, W. Va.
"Bureau Creek and tributaries, Ill.
"Kiskiminitas River, Pa.
"Illinois River and the Fox River at Ottawa, Ill.
"Santa Clara River, Calif.
"Clinton River, Mich.
"Sans Bois Creek in Haskell and Latimer Counties, Okla.
"Salinas River, Calif.
"Walnut Bayou in Little River County, Ark.
"Cucamongo Creek, Deer Creek, San Antonio Creek, and Chino Creek, Calif.
"Cedar River, Iowa.
"Arroyo Grande Creek in the county of San Luis Obispo, Calif.
"Chariton River, Iowa.
"Bill Williams River, Ariz.
"Big Sandy River, in Arizona, from the junction of Trout Creek and Knight Creek on the north to the Bill Williams River on the south.
"Quiver River, Miss.
"Sunflower River, Miss.
"Iowa River, Iowa.
"Kiskiminitas and Conemaugh Rivers and their tributaries, Pennsylvania.
"Whitewater River, Calif.
"Girtys Run, in Allegheny County, Pa.
"Neosho River and its tributaries, in Kansas, Oklahoma, Missouri, and Arkansas.
"Nishnabotna River, Iowa.
"Turkey River, Iowa.
"Boyer River, Iowa."

And to insert:

"Connecticut and Chicopee Rivers.
"Pawtuxet River, R. I.
"Conewango Creek and Davis Brook in Chautauqua County and Cattaraugus County, N. Y.
"Battenkill, N. Y.
"Mettawee River, N. Y.
"Ilion, Steel Creek, N. Y.
"Delaware River.
"North Branch of Potomac River and its tributaries in the vicinity of Keyser, W. Va.
"Kissimmee River Valley and its tributaries, Florida.
"Estero River, Imperial River, Corkscrew River (Horse Creek), Gordon River, Rock Creek, Hendry Creek, Mulock Creek, and Six Mile Cypress Slough, all in Florida.
"Quiver River, Miss.
"Sunflower River, Miss.
"Clarksville, Memphis, and Nashville, Tenn., with a view to submitting comprehensive plans for flood protection to Congress.
"Dugdemonia Bayou, La.
"Boeuf River, Catahoula, Franklin, Caldwell, Richland, West Carroll, and Morehouse Parishes, La.
"Bayou Macon, Franklin, Madison, Richland, East Carroll, and West Carroll Parishes, La.
"Ouachita River and tributaries, La.
"Navidad River, Tex.

"Mill Creek, a tributary of the Brazos River, in Austin County, Tex.
"Lavaca River, Tex.
"San Jacinto River, and its tributaries, in Montgomery, Walker, San Jacinton, Grimes, Waller, Liberty, and Harris Counties, Tex.
"Brazos River and its tributaries, Tex.
"Saline River, Ark.
"'The Narrows' on the Fourche La Fave River in Scott County, Ark.
"Walnut Bayou in Little River County, Ark.
"Illinois Bayou, Pope County, Ark.
"Big Piney Creek in Pope and Johnson Counties, Ark.
"Fourche La Fave River in Perry, Yell, and Scott Counties, Ark.
"Palarm Creek, a tributary of the Arkansas River, in Faulkner and Pulaski Counties, Ark.
"Bayou Meto Basin, a tributary of the Arkansas River, in the State of Arkansas.
"Sulphur River, Ark.
"Poteau River, Ark.
"Grand (Neosho) River and its tributaries, Oklahoma, Kansas, Missouri, and Arkansas.
"Platte River in the vicinity of Schuyler, Nebr.
"Little Osage River, Kans.
"Arkansas River in Sequoyah and Haskell Counties, Okla.
"Sans Bois Creek in Haskell and Latimer Counties, Okla.
"North Canadian River, Okla. and Tex.
"South Canadian River, Okla.
"Cimarron River, Okla. and Kans.
"Beaver River, Okla.
"Washita River, Okla.
"Fountaine Que Bouille (Fountain) River and its tributaries, Colorado.
"Cherry Creek and its tributaries, Colo.
"Mississippi River and tributaries in vicinity of Memphis and Shelby County, Tenn.
"Wyaconda River in Clark and Lewis Counties, Mo.
"South Fabius River in northeast Missouri.
"Chariton River in Schuyler County, Mo.
"Galena River (Fever River) in Illinois and Wisconsin.
"Floyd River, Iowa.
"Little Sioux River, Iowa.
"Cedar River, Iowa.
"Chariton River, Iowa.
"Iowa River, Iowa.
"Boyer River, Iowa.
"Turkey River, Iowa.
"Nishnabotna River, Iowa.
"Bureau Creek and tributaries, Ill.
"Illinois River and the Fox River at Ottawa, Ill.
"Mackinaw River, Ill.
"Kickapoo River, Wis.
"Gilmore Creek, Winona County, Minn.
"Root River, Fillmore, Mower, Olmstead, Winona, and Houston Counties, Minn.
"Zumbro River and the Whitewater River in southeastern Minnesota.
"White River, S. Dak.
"Keyapaha River, S. Dak.
"Bad River from Philip to Fort Pierre, S. Dak.
"Flathead River and tributaries in Flathead County, Mont.
"Kiskiminitas River, Pa.
"Kiskiminitas and Conemaugh Rivers and their tributaries, Pa.
"Tygart River and tributaries in the vicinity of Elkins, W. Va.
"Buckhannon River and Middle Fork River and their tributaries in the vicinity of Buckhannon, W. Va.
"Cumberland River and its tributaries in the vicinity of Nashville, Tenn.
"Cumberland River and its tributaries in the vicinity of Clarksville, Tenn.
"Girtys Run, in Allegheny County, Pa.
"Clinton River, Mich.
"Scioto and Sandusky Rivers and their tributaries, Ohio.
"Mill Creek Valley in Cincinnati, Ohio.
"Bill Williams River, Ariz.
"Big Sandy River, in Arizona, from the junction of Trout Creek and Knight Creek on the north to the Bill Williams River on the south.
"Gila River, in Arizona, from Gillespie Dam downstream to a point near Wellton.
"Little Colorado River and its tributaries upstream from the boundary of the Navajo Indian Reservation in Arizona.
"Santa Ana River and tributaries, California.
"Santa Ana River and Banning Canyon in counties of San Bernardino and Riverside, Calif.
"Mojave River, in the county of San Bernardino, Calif.
"Lytle Creek, Waterman Canyon, in the county of San Bernardino, Calif.
"San Jacinto River and Bautiste Creek in the county of Riverside, Calif.
"Santa Clara River, Calif.
"Salinas River, Calif.
"Cucamonga Creek, Deer Creek, San Antonio Creek, and Chino Creek, Calif.
"Arroyo Grande Creek in the county of San Luis Obispo, Calif.
"Whitewater River, Calif.
"Alameda and San Lorenzo Creeks and their tributaries, California.
"Pajaro River, Calif.
"Russian River, Calif.
"Santa Maria River, Calif.
"Santa Ana River and tributaries, California.
"Ventura River, Ventura County, Calif.
"Willow Creek, Oreg.
"Nestucca River and its tributaries, Oregon.
"Chetco River and tributaries, Oregon.
"Smith River and tributaries, Oregon.
"Alsea River and tributaries, Oregon.
"Clatskanie River and tributaries, Oregon.
"Sandy River and tributaries, Oregon.
"Deschutes River and tributaries, Oregon.
"Klamath River and tributaries, Oregon.
"Malheur River and tributaries, Oregon.
"Owyhee River and tributaries, Oregon.
"Burnt River and tributaries, Oregon.
"Powder River and tributaries, Oregon.
"Grande Ronde River and tributaries, Oregon.
"North and South Forks of the Skagit River from Mount Vernon to Skagit Bay, Wash.
"Lowell Creek, Alaska.
"Skagway River in the vicinity of Skagway, Alaska."

SEC. 6. That the Chief of Engineers may, in his discretion, modify the project for the control of floods on the Yazoo River, as authorized by Public Act No. 678, approved June 15, 1936 to substitute therefor a combined reservoir floodway and levee plan: *Provided*, That the total cost thereof does not exceed the present authorization as estimated in House Committee on Flood Control Document No. 1, Seventy-fourth Congress, first session: *Provided further*, That the modified project shall be subject to the following conditions of local cooperation:

No work shall be undertaken until the States or other qualified agencies have furnished satisfactory assurances that they will—

(a) undertake, without cost to the United States, all alterations of highways made necessary because of the construction of reservoirs and meet all damages because of such highway alterations; and

(b) furnish, without cost to the United States, all lands and easements necessary to the construction of levees and drainage ditches.

SEC. 7. That section 5 of the act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved June 22, 1936, is hereby amended by adding the words "and tributaries," after the words "Willamette River", in the paragraph entitled "Willamette River."

SEC. 8. That the act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved June 22, 1936, as amended by act of Congress approved April 27, 1937, is hereby further amended to provide that if, in the execution of the project for a reservoir system for the protection of Pittsburgh, it is found that geological and engineering conditions make it impracticable to construct a reservoir to provide protection for the city of Johnstown, Pa., flood protection shall be provided for said city by channel enlargement or other works: *Provided*, That the total estimated construction cost of the entire project shall not be increased.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, just one moment. I ask unanimous consent to reconsider the vote by which the committee amendment was agreed to, for the purpose of offering a small amendment on page 10, line 5.

The PRESIDENT pro tempore. Without objection, the vote is reconsidered.

Mr. COPELAND. I have no objection.

Mr. McKELLAR. I now move to strike out, on page 10, line 5, the words "vicinity of", so as to read:

Mississippi River and tributaries in Memphis and Shelby County, Tenn.

Mr. VANDENBERG. Mr. President, one moment. What does that amendment do?

Mr. McKELLAR. The tributaries are in Memphis, Tenn.

Mr. VANDENBERG. Very well.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BARKLEY. Mr. President, I wish to ask the Senator from New York a question. I think we will all agree that this is an unsatisfactory way to pass an important bill of this sort, and we can do it under the circumstances only because the Senator from New York is compelled to leave the city.

Does this bill carry the provision which was carried in the act of 1936, that in the Ohio River Basin, before cities can obtain any relief in the way of building flood walls or other

protective devices, they must make local contributions to the extent of providing the rights-of-way and other things that were provided in that act?

Mr. COPELAND. Mr. President, there has been some modification in that respect. I may say to the Senator that we have every assurance from high authority that the matters referred to by the Senator from Kentucky will be taken care of from another fund.

Mr. BARKLEY. The Senator realizes, I am sure—I have heretofore called his attention to the fact—that there are many cities and towns along the Ohio River which cannot furnish the money with which to buy rights-of-way. In the case of my own home city of Paducah—a city of 40,000 people, which was completely under water for nearly a month, and where the damage was over $25,000,000—neither by increasing taxation nor by increasing their bonded indebtedness can they provide more than $2,000,000, the estimated amount necessary for obtaining the rights-of-way and the property over which a device would be built for their protection. The same situation exists in many other towns along the Ohio Valley which I need not mention.

If that requirement is to be adhered to, it means a denial of protection to those cities in this legislation.

Mr. COPELAND. Mr. President, in answer to the Senator from Kentucky I will say that on the first page of House bill 7646, beginning on line 8, under the heading "Ohio River Basin", we find the following:

> Levees, floodwalls, and drainage structures: Construction of levees, floodwalls, and drainage structures for the protection of cities and towns in the Ohio River Basin, the projects to be selected by the Chief of Engineers with the approval of the Secretary of War, in accordance with the report of the Chief of Engineers in House Committee on Flood Control Document No. 1, Seventy-fifth Congress, first session, at a cost not to exceed $24,877,000 for construction where is hereby authorized to be appropriated for this purpose: *Provided,* That the protection for Pittsburgh, Pa., is to be interpreted as applying to the metropolitan district of Pittsburgh: *Provided further,* That the local corporation required by section 3 is complied with: *Provided further,* That any funds appropriated for the fiscal year 1938 to carry out the provisions of the Flood Control Act of June 22, 1936, may be used for plant, material, supervisory, and skilled services necessary in the execution of the projects authorized herein, with relief labor furnished under the provisions of the Emergency Relief Appropriation Act of 1937.

Mr. BARKLEY. That still does not take care of the requirement for the donation of the rights-of-way over which these flood walls and other devices are to be constructed.

I appreciate what the Senator has said about securing funds for that purpose from another appropriation; but I am somewhat in the dark about that matter, and I had hoped this bill would not be brought up under conditions which would make it difficult to amend it so as to give some discretion to the President and to the Army engineers in relaxing the requirement in the act of 1936 when they find that localities are unable to comply with the requirement for that contribution.

Mr. COPELAND. Of course, that was exactly the reason for the inclusion in the bill by the House of the language I have read; and the amount of $24,877,000 is specified for this particular purpose.

Mr. BARKLEY. Yes; but there is also a provision reading as follows:

> *Provided further,* That the local cooperation required by section 3 is complied with.

That refers to the act of 1936, which requires local contributions, which in many cases will amount to a prohibitive sum.

Mr. COPELAND. Mr. President, so far as this particular bill is concerned I have no objection, if the Senator from Kentucky desires, to having it lie over for a couple of days until we can satisfy him on this particular item, because really the more urgent bill was House bill 7051, Calendar No. 939, in which no controversial question was involved. I therefore ask unanimous consent that House bill 7646, having been perfected as it has been today, may remain upon the calendar until a full answer can be given to the Senator from Kentucky.

Mr. McKELLAR. Mr. President, will the Senator from New York yield for another question on that very item in the bill?

Mr. COPELAND. Yes.

Mr. McKELLAR. The bill confines these improvements to the Ohio River Basin. At Cairo, Ill., and at Memphis, Tenn., exactly the same situation existed in the late flood that existed in the Ohio River Basin. Why were Cairo and Memphis left out of the bill?

Mr. COPELAND. For the reason that the Army engineers had not yet completed their survey and were not as yet prepared to give an estimate.

Mr. McKELLAR. The Army engineers had completed their survey and had made a recommendation favorable as to Memphis, I know, and I believe also as to Cairo. I wonder if the Senator would be willing to accept an amendment about that matter?

Mr. COPELAND. I am willing to have the bill as perfected go back to the calendar, and then on Monday I shall ask to have it taken up.

Mr. McKELLAR. Very well; I shall be glad to have the Senator do that.

The PRESIDENT pro tempore. Without objection, the request of the Senator from New York is agreed to, and the bill will be restored to the calendar.

PAULINE M'KINNEY

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 1219) for the relief of Pauline McKinney, which were to strike out all after the enacting clause and insert:

> That in the administration of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended by sundry acts, including the act of February 15, 1934 (48 Stat. 351), the United States Employees' Compensation Commission is hereby authorized and directed to extend the provisions of said acts to Pauline M. Warden (nee Pauline McKinney), of Tulsa, Okla., for personal injuries sustained by her on August 17, 1934, on United States Highway No. 77, near Wayne, Okla., while in the performance of her duties as a nonrelief administrative employee of the Federal Emergency Relief Administration for the State of Oklahoma: *Provided,* That claim hereunder shall be filed within 6 months after the approval of this act.

And to amend the title so as to read: "An Act for the relief of Pauline M. Warden, nee Pauline McKinney."

Mr. THOMAS of Oklahoma. I move that the Senate concur in the House amendments.

The motion was agreed to.

ORDER OF BUSINESS—EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, before I make a motion for an executive session I should like to say, for the benefit of those present and of the RECORD, that upon the completion of the bill now under consideration it is the program to move to make the court bill the unfinished business, but to lay it aside for the calling of the calendar, which has become quite heavy. I hope Members will cooperate in order that we may dispatch this business as rapidly as possible. Otherwise, we shall be compelled to hold a session on Saturday, and we may have to do so in any event; but certainly it is necessary that we make progress in order to get through.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Oscar Ross Lang to be postmaster at Montgomery, La., in place of L. L. Thompson.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Assistant Surgeon James C. Archer to be passed assistant surgeon in the United States Public Health Service, to rank as such from July 12, 1937.

He also, from the Committee on Foreign Relations, reported favorably Executive B (75th Cong., 1st sess.), being a convention between the United States of America and Canada on the subject of income taxation, signed at Washington, December 30, 1936, and submitted a report (Ex. Rept. No. 19) thereon.

Mr. GERRY, from the Committee on Finance, reported favorably the nomination of George Edmund Bigge, of Rhode Island, to be a member of the Social Security Board for the remainder of the term expiring August 13, 1941, vice John G. Winant, resigned.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for promotion in the Regular Army.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

REGULATION OF WHALING

The Senate, as in Committee of the Whole, proceeded to consider Executive U (75th Cong., 1st sess.), an international agreement for the regulation of whaling signed at London on June 8, 1937, between the Governments of the United States of America, the Union of South Africa, the Argentine Republic, the Commonwealth of Australia, Germany, the United Kingdom of Great Britain and Northern Ireland, the Irish Free State, New Zealand, and Norway, which was read the second time, as follows:

AGREEMENT FOR THE REGULATION OF WHALING

THE Governments of the Union of South Africa, the United States of America, the Argentine Republic, the Commonwealth of Australia, Germany, the United Kingdom of Great Britain and Northern Ireland, the Irish Free State, New Zealand and Norway, desiring to secure the prosperity of the whaling industry and, for that purpose, to maintain the stock of whales, have agreed as follows:—

ARTICLE 1

The contracting Governments will take appropriate measures to ensure the application of the provisions of the present Agreement and the punishment of infractions against the said provisions, and, in particular, will maintain at least one inspector of whaling on each factory ship under their jurisdiction. The inspectors shall be appointed and paid by Governments.

ARTICLE 2

The present Agreement applies to factory ships and whale catchers and to land stations as defined in Article 18 under the jurisdiction of the contracting Governments, and to all waters in which whaling is prosecuted by such factory ships and/or whale catchers.

ARTICLE 3

Prosecutions for infractions against or contraventions of the present Agreement and the regulations made thereunder shall be instituted by the Government or a Department of the Government.

ARTICLE 4

It is forbidden to take or kill Grey Whales and/or Right Whales.

ARTICLE 5

It is forbidden to take or kill any Blue, Fin, Humpback or Sperm whales below the following lengths, viz.:

	Feet
(*a*) Blue whales	70
(*b*) Fin whales	55
(*c*) Humpback whales	35
(*d*) Sperm whales	35

ARTICLE 6

It is forbidden to take or kill calves, or suckling whales or female whales which are accompanied by calves or suckling whales.

ARTICLE 7

It is forbidden to use a factory ship or a whale catcher attached thereto for the purpose of taking or treating baleen whales in any waters south of 40° South Latitude, except during the period from the 8th day of December to the 7th day of March following, both days inclusive, provided that in the whaling season 1937–38 the period shall extend to the 15th day of March, 1938, inclusive.

ARTICLE 8

It is forbidden to use a land station or a whale catcher attached thereto for the purpose of taking or treating whales in any area or in any waters for more than six months in any period of twelve months, such period of six months to be continuous.

ARTICLE 9

It is forbidden to use a factory ship or a whale catcher attached thereto for the purpose of taking or treating baleen whales in any of the following areas, viz.:

(*a*) in the Atlantic Ocean north of 40° South Latitude and in the Davis Strait, Baffin Bay and Greenland Sea;

(*b*) in the Pacific Ocean east of 150° West Longitude between 40° South Latitude and 35° North Latitude;

(*c*) in the Pacific Ocean west of 150° West Longitude between 40° South Latitude and 20° North Latitude;

(*d*) in the Indian Ocean north of 40° South Latitude.

ARTICLE 10

Notwithstanding anything contained in this Agreement, any contracting Government may grant to any of its nationals a special permit authorising that national to kill, take and treat whales for purposes of scientific research subject to such restrictions as to number and subject to such other conditions as the contracting Government thinks fit, and the killing, taking and treating of whales in accordance with the terms in force under this article shall be exempt from the operation of this Agreement.

Any contracting Government may at any time revoke a permit granted by it under this article.

ARTICLE 11

The fullest possible use shall be made of all whales taken. Except in the case of whales or parts of whales intended for human food or for feeding animals, the oil shall be extracted by boiling or otherwise from all blubber, meat (except the meat of sperm whales) and bones other than the internal organs, whale bone and flippers, of all whales delivered to the factory ship or land station.

ARTICLE 12

There shall not at any time be taken for delivery to any factory ship or land station a greater number of whales than can be treated efficiently and in accordance with article 11 of the present Agreement by the plant and personnel therein within a period of thirty-six hours from the time of the killing of each whale.

ARTICLE 13

Gunners and crews of factory ships, land stations and whale catchers shall be engaged on terms such that their remuneration shall depend to a considerable extent upon such factors as the species, size and yield of whales taken, and not merely upon the number of the whales taken, and no bonus or other remuneration, calculated by reference to the results of their work, shall be paid to the gunners and crews of whale catchers in respect of any whales the taking of which is forbidden by this Agreement.

ARTICLE 14

With a view to the enforcement of the preceding article, each contracting Government shall obtain, in respect of every whale catcher under its jurisdiction, an account showing the total emolument of each gunner and member of the crew and the manner in which the emolument of each of them is calculated.

ARTICLE 15

Articles 5, 9, 13 and 14 of the present Agreement, in so far as they impose obligations not already in force, shall not until the 1st day of December, 1937, apply to factory ships, land stations or catchers attached thereto which are at present operating or which have already taken practical measures with a view to whaling operations during the period before the said date. In respect of such factory ships, land stations and whale catchers, the Agreement shall in any event come into force on the said date.

ARTICLE 16

The contracting Governments shall obtain with regard to all factory ships and land stations under their jurisdiction records of the number of whales of each species treated at each factory ship or land station and as to the aggregate amounts of oil of each grade and quantities of meal, guano and other products derived from them, together with particulars with respect to each whale treated in the factory ship or land station as to the date and place of taking, the species and sex of the whale, its length and, if it contains a fœtus, the length and sex, if ascertainable, of the foetus.

ARTICLE 17

The contracting Governments shall, with regard to all whaling operations under their jurisdiction, communicate to the International Bureau for Whaling Statistics at Sandefjord in Norway the statistical information specified in Article 16 of the present Agreement together with any information which may be collected or obtained by them in regard to the calving grounds and migration routes of whales.

In communicating this information the Governments shall specify:—

(*a*) the name and tonnage of each factory ship;

(*b*) the number and aggregate tonnage of the whale catchers;

(*c*) a list of the land stations which were in operation during the period concerned.

ARTICLE 18

In the present Agreement the following expressions have the meanings respectively assigned to them, that is to say:

"factory ship" means a ship in which or on which whales are treated whether wholly or in part;

"whale catcher" means a ship used for the purpose of hunting, taking, towing, holding on to, or scouting for whales;

"land station" means a factory on the land, or in the territorial waters adjacent thereto, in which or at which whales are treated whether wholly or in part;

"baleen whale" means any whale other than a toothed whale;

"blue whale" means any whale known by the name of blue whale, Sibbald's rorqual or sulphur bottom;

"fin whale" means any whale known by the name of common finback, common finner, common rorqual, finback, fin whale, herring whale, razorback, or true fin whale;

"grey whale" means any whale known by the name of grey whale, California grey, devil fish, hard head, mussel digger, grey back, rip sacks;

"humpback whale" means any whale known by the name of bunch, humpback, humpback whale, humpbacked whale, hump whale or hunchbacked whale;

"right whale" means any whale known by the name of Atlantic right whale, Arctic right whale, Biscayan right whale, bowhead, great polar whale, Greenland right whale, Greenland whale, Nordkaper, North Atlantic right whale, North Cape whale, Pacific right whale, pigmy right whale, Southern pigmy right whale or Southern right whale;

"sperm whale" means any whale known by the name of sperm whale, spermacet whale, cachalot or pot whale;

"length" in relation to any whale means the distance measured on the level in a straight line between the tip of the upper jaw and the notch between the flukes of the tail.

ARTICLE 19

The present Agreement shall be ratified and the instruments of ratification shall be deposited with the Government of the United Kingdom of Great Britain and Northern Ireland as soon as possible. It shall come into force upon the deposit of instruments of ratification by a majority of the signatory Governments, which shall include the Governments of the United Kingdom, Germany and Norway; and for any other Government not included in such majority on the date of the deposit of its instrument of ratification.

The Government of the United Kingdom will inform the other Governments of the date on which the Agreement thus comes into force and the date of any ratification received subsequently.

ARTICLE 20

The present Agreement shall come into force provisionally on the 1st day of July, 1937, to the extent to which the signatory Governments are respectively able to enforce it; provided that if any Government within two months of the signature of the Agreement informs the Government of the United Kingdom that it is unwilling to ratify it the provisional application of the Agreement in respect of that Government shall thereupon cease.

The Government of the United Kingdom will communicate the name of any Government which has signified that it is unwilling to ratify the Agreement to the other Governments, any of whom may within one month of such communication withdraw its ratification or accession or signify its unwillingness to ratify as the case may be, and the provisional application of the Agreement in respect of that Government shall thereupon cease. Any such withdrawal or communication shall be notified to the Government of the United Kingdom, by whom it will be transmitted to the other Governments.

ARTICLE 21

The present Agreement shall, subject to the preceding article, remain in force until the 30th day of June, 1938, and thereafter if, before that date, a majority of the contracting Governments, which shall include the Governments of the United Kingdom, Germany and Norway, shall have agreed to extend its duration. In the event of such extension it shall remain in force until the contracting Governments agree to modify it, provided that any contracting Government may, at any time after the 30th day of June, 1938, by giving notice on or before the 1st day of January in any year to the Government of the United Kingdom (who on receipt of such notice shall at once communicate it to the other contracting Governments) withdraw from the Agreement, so that it shall cease to be in force in respect of that Government after the 30th day of June following, and that any other contracting Government may, by giving notice in the like manner within one month of the receipt of such communication, withdraw also from the Agreement, so that it shall cease to be in force respecting it after the same date.

ARTICLE 22

Any Government which has not signed the present Agreement may accede thereto at any time after it has come into force. Accession shall be effected by means of a notification in writing addressed to the Government of the United Kingdom and shall take effect immediately after the date of its receipt.

The Government of the United Kingdom will inform all the Governments which have signed or acceded to the present Agreement of all accessions received and the date of their receipt.

In faith whereof the Undersigned, being duly authorised, have signed the present Agreement.

Done in London the 8th day of June, 1937, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be transmitted to all the other contracting Governments.

For the Government of the Union of South Africa:
F. J. DU TOIT.

For the Government of the United States of America:
HERSCHEL V. JOHNSON.
REMINGTON KELLOGG.

For the Government of the Argentine Republic:
MANUEL E. MALBRÁN.
M. FINCATI.
T. L. MARINI.

For the Government of the Commonwealth of Australia:
S. M. BRUCE.

For the Government of Germany:
WOHLTHAT.

For the Government of the United Kingdom of Great Britain and Northern Ireland:
HENRY G. MAURICE.
GEO. HOGARTH.

For the Government of the Irish Free State:
SEAN O'FAOLAIN O'DULCHAONTIGH.

For the Government of New Zealand:
G. MCNAMARA.

For the Government of Norway:
BIRGER BERGERSEN.

FINAL ACT

The Conference, having this day signed an Agreement for the Regulation of Whaling, to take immediate effect, desires to add, for the consideration of the Governments represented at the Conference, the following observations:—

2. The Agreement is valid for one year and will, it is hoped, continue in force for future years, unless the Governments, or any of them, decide to the contrary. It is likely, in the opinion of the Conference, to go far towards maintaining the stock of whales, upon which the prosperity of the whaling industry depends.

3. Experience may prove, however, that further measures of conservation are necessary or desirable. The Conference desires, therefore, to suggest that certain further methods of conservation and of preventing wastage of whales should be examined by the Governments concerned without delay, and that the Governments should take the necessary measures by legislation to place themselves in a position to impose such further regulations of whaling as experience may dictate.

4. The Agreement prescribes regulations mainly of general application to whaling from factory ships and land stations alike. The most important of these regulations are those requiring the observance of close seasons, prohibiting the taking of whales of certain species already threatened with extinction, prohibiting the taking of female whales with calves or suckling whales and of whales of different species below size limits prescribed for each species, requiring full commercial use to be made of every part of every whale taken, and limiting the time within which, from the time of catching, whales must be treated in a factory ship or land station as the case may be. The purpose of these regulations is to limit the number of whales killed and to prevent the waste of whale material.

5. Certain provisions of the Agreement, however, affect only pelagic whaling, in particular those provisions which absolutely prohibit pelagic whaling for baleen whales in certain large areas of the sea. This differentiation between whaling prosecuted by means of factory ships and by means of land stations needs explanation. It has been urged that whaling as hitherto prosecuted from some land stations, especially near the equatorial zone, has been wasteful and harmful because the physiological condition of the whales taken was such that their oil yield was low and because whales were taken at these stations when they were about to throw their calves. Against this it may be argued that the raising of the size limits for various species under the Agreement will greatly restrict the catch brought to the land stations, that the land stations, not enjoying the mobility of the factory ships, are already handicapped in the pursuit of whales, and that whatever catch they take is a comparatively insignificant fraction of the total catch. The Conference recommends that the catch of the land stations should be carefully studied and that the Governments should consider, in the light of such study, what further regulations, if any, should be attached to whaling from land stations, either generally or in particular geographical areas. In the view of the Conference, there is a certain risk that the restrictions imposed on pelagic whaling may lead to a development of whaling from land stations, and the Governments should accordingly place themselves in a position to check or regulate such development should it occur.

6. The Conference further recommends that the Governments should put themselves in a position to limit, if it is thought fit, the number of whale catchers that may be employed in connection with any factory ship or land station with a view to further limitation of the destruction of whales.

7. The Governments are also recommended to take powers, if they do not already possess them, to prohibit whaling entirely in any area of the sea either permanently or for a limited period. It is felt that it may be desirable, in the light of experience gained, to close permanently areas which may be proved to be calving areas, or to close from year to year selected areas of the

Antarctic Ocean or elsewhere for the purpose of giving to the whales a sanctuary in which they may escape molestation.

8. The Conference also recommends that the Governments should place themselves in a position to regulate the methods of killing whales. Under existing methods of whaling, whales may be fatally injured, but lost owing to defects in the guns or harpoons in use, including the propelling and bursting charges. This involves waste of whales. It is suggested that it may prove desirable so to regulate the methods of taking whales as to ensure that, by the use of suitable explosive charges, or by the use of a harpoon electrically charged, the whale when hit may be speedily killed and wastage thus avoided. Moreover, a regulation of this character may be expected to abate something of the undoubted cruelty of present methods of whaling.

9. The Conference further recommends that the contracting Governments should take steps to prevent this Agreement and any regulations made thereunder from being defeated by the transfer of ships registered in their territories to the Flag of another Government not a party to this Agreement, and suggests that for this purpose it might be provided that the transfer of a factory ship or whale catcher from its national Flag to the Flag of any other country should be permitted only under licence of the Government.

10. The Conference believes that the regulations upon which it has agreed will certainly contribute to the maintenance of the stock of whales and to the prosperity of the whaling industry. Not all the representatives of Governments present at the Conference have been able to sign the Agreement, some of them not being authorised by their Governments in that behalf. It is hoped that all Governments represented will eventually accede to the Agreement. The Conference desires to urge upon the contracting Governments that they should use their utmost endeavours to secure the adhesion of such Powers as are interested in the whaling industry but were not represented at the present Conference. The Conference recognises that the purpose of the present Agreement may be defeated by the development of unregulated whaling by other countries, in which case it would be a matter for consideration whether the present Agreement should be continued in force, or whether the contracting Governments should not agree to modify their regulations to meet the situation thus created, or even to permit their nationals to pursue whaling without regulation, so that they may derive from its pursuit such benefit as may be had before the stock of whales has been reduced to a level at which whaling ceases to be remunerative. For the Conference is convinced that, unless whaling is now strictly regulated, that eventuality cannot be regarded as remote.

11. In conclusion, the Conference desires to urge that a further Conference should be held at a convenient time next year, at which the results of the forthcoming season may be studied and the question of the modification or extension of the present Agreement be considered.

Done in London, the 8th day of June, 1937, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be transmitted to the other Governments which have signed the Agreement for the Regulation of Whaling.

For the Government of the Union of South Africa:
F. J. DU TOIT.
For the Government of the United States of America:
HERSCHEL V. JOHNSON.
REMINGTON KELLOGG.
For the Government of the Argentine Republic:
MANUEL E. MALBRÁN.
M. FINCATI.
T. L. MARINI.
For the Government of the Commonwealth of Australia:
S. M. BRUCE.
For the Government of Germany:
WOHLTHAT.
For the Government of the United Kingdom of Great Britain and Northern Ireland:
HENRY G. MAURICE.
GEO. HOGARTH.
For the Government of the Irish Free State:
SEAN O'FAOLAIN O'DULCHAONTIGH.
For the Government of New Zealand:
G. MCNAMARA.
For the Government of Norway:
BIRGER BERGERSEN.

Mr. WHITE. Mr. President, I move that the Senate advise and consent to the ratification of this treaty.

Back in 1931 there was an international agreement entered into for the conservation and for the restoration of the whale stock in the oceans of the world. That treaty was ratified by the Senate of the United States, and proclaimed by the President in 1935. In 1936 Congress passed legislation implementing the treaty.

In June of this year another international conference was held at London for the purpose of modernizing the provisions of the treaty. It is essentially a conservation treaty, and it seeks to conserve and restore the whale stock by various means. It prohibits the killing of certain species of whales in any waters. It provides that the killing of other whales may be engaged in only at particular times and in particular areas of the ocean.

The treaty contains a provision seeking to make certain the utilization to the fullest possible degree of the killed whales. In the old days those engaged in this industry simply extracted the oil, and all the other parts of the whale were wasted. The treaty seeks to prevent excessive killings. So far as the committee is advised, there is no opposition on the part of anyone to the ratification of the treaty, and I think material considerations and sentimental considerations dictate that the Senate should act promptly and favorably on the treaty.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. CLARK. Does the treaty apply to all whales? I read a magazine article only a few days ago in which it was asserted that a new practice had grown up on the Massachusetts coast of going out to sea and more or less driving in herds of whales onto the beaches, and the only product was a slight oil content of about a pound and a half found in the whale's head.

Mr. WHITE. I think those were blackfish, so-called. Speaking generally, this treaty applies to all species of whales, and, as I said, it prohibits entirely the killing of some species which are specified in the treaty, and limits the size of whales of other species which may be killed.

Mr. CLARK. How many nations have ratified the treaty?

Mr. WHITE. Some 26 nations either signed or adhered to the original treaty. A conference was held only in June of this year. I cannot advise the Senator what nations have ratified, but the expectation of the State Department is that all of the nations which were adherents to the previous convention will give their approval to this one.

Mr. CLARK. That will be sufficient to control the world situation?

Mr. WHITE. To a very large extent.

The PRESIDENT pro tempore. If there be no amendments, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive U, Seventy-fifth Congress, first session, an international agreement for the regulation of whaling, signed at London on June 8, 1937, between the Governments of the United States of America, the Union of South Africa, the Argentine Republic, the Commonwealth of Australia, Germany, the United Kingdom of Great Britain and Northern Ireland, the Irish Free State, New Zealand, and Norway.

The PRESIDENT pro tempore. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution is agreed to, and the treaty is ratified.

The clerk will state in order the nominations on the calendar.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

The legislative clerk read the nomination of Robert Frazer, of Pennsylvania, to be Envoy Extraordinary and Minister Plenipotentiary to El Salvador.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Frederick A. Sterling, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary to Estonia and Latvia.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary to Panama.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Arthur Bliss Lane, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Yugoslavia.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of George D. Hopper, of Kentucky, to be consul general of the United States of America.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Friday, August 6, 1937, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 5 (legislative day of July 22), 1937

UNITED STATES DISTRICT JUDGE

Claude McColloch, of Oregon, to be United States district judge, district of Oregon, vice Hon. John H. McNary, deceased.

UNITED STATES ATTORNEY

William McClanahan, of Tennessee, to be United States attorney for the western district of Tennessee. (Mr. McClanahan is now serving in this office under an appointment which expired June 13, 1937.)

UNITED STATES MARSHAL

Charles W. Miles to be United States marshal for the western district of Tennessee, vice Hon. Bert Money Bates, whose term has expired.

PUBLIC HEALTH SERVICE

The following-named surgeons to be senior surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

Harry E. Trimble, July 16, 1937.
Mark V. Ziegler, August 2, 1937.
James E. Faris, August 1, 1937.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

The following-named commanders to be captains in the Navy, to rank from the date stated opposite their names:

Monroe Kelly, June 30, 1937.
Freeland A. Daubin, June 30, 1937.
Charles H. Morrison, July 1, 1937.
Holbrook Gibson, August 1, 1937.

The following-named lieutenant commanders to be commanders in the Navy, to rank from the date stated opposite their names:

Thomas V. Cooper, June 1, 1937.
Frank G. Fahrion, June 3, 1937.
Frank H. Dean, June 3, 1937.
Lisle F. Small, June 3, 1937.
William P. O. Clarke, June 3, 1937.
Colin DeVere Headlee, June 30, 1937.
Francis W. Benson, June 30, 1937.
Carl W. Brewington, June 30, 1937.
Lawrence B. Richardson, an additional number in grade, July 1, 1937.

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

George C. Crawford, March 1, 1937.
August J. Detzer, Jr., May 15, 1937.
Harold W. Eaton, June 3, 1937.
Edwin M. Crouch, June 30, 1937.
Carlyle L. Helber, an additional number in grade, June 30, 1937.
Walter E. Zimmerman, June 30, 1937.
Alden R. Sanborn, an additional number in grade, June 30, 1937.
Kenneth L. Forster, June 30, 1937.
Henri H. Smith-Hutton, June 30, 1937.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

William R. Caruthers, June 30, 1936.
John L. Collis, November 1, 1936.
Philip D. Gallery, June 1, 1937.
John B. Webster, June 3, 1937.
Clair LeM. Miller, June 3, 1937.
Leonard O. Fox, June 3, 1937.
Henry B. Twohy, June 3, 1937.
Guy P. Garland, June 3, 1937.
Royce P. Davis, June 30, 1937.
Harry N. Coffin, June 30, 1937.
Rob R. McGregor, June 30, 1937.
Nickolas J. F. Frank, Jr., June 30, 1937.
Adolph J. Miller, June 30, 1937.
Edwin G. Conley, June 30, 1937.
Francis J. Johnson, June 30, 1937.
George A. Sharp, June 30, 1937.
Claude W. Stewart, June 30, 1937.
Carl G. Christie, June 30, 1937.
George B. Chafee, June 30, 1937.
Alexander S. Heyward, Jr., June 30, 1937.
Eddie R. Sanders, July 1, 1937.

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 29th day of May 1937:

Frederick W. Sheppard
William E. Seipt
Stevan Mandarich

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 31st day of May 1937:

John Harllee	George E. Artz
Ernest V. Bruchez	Heliodore A. Marcoux
John T. Lowe, Jr.	Robert E. Bourke
Charles F. Fischer	Robert C. Bengston
George A. Hill, Jr.	Charles B. Farwell
James D. Babb	Gorman C. Merrick

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, to rank from the 30th day of June 1937:

Charles C. Yanquell
Lloyd R. Newhouser

The following-named assistant surgeons to be passed assistant surgeons in the Navy, with the rank of lieutenant, to rank from the date stated opposite their names:

Otto E. Van Der Aue, June 3, 1937.
Malcolm W. Arnold, June 3, 1937.
Andrew Galloway, June 3, 1937.
Eugene R. Hering, Jr., June 3, 1937.
Charles R. Moon, June 3, 1937.
Thomas W. McDaniel, Jr., June 3, 1937.
Paul Peterson, June 30, 1937.

The following-named citizens to be assistant surgeons in the Navy, with the rank of lieutenant (junior grade), to rank from the 1st day of August 1937.

Walter R. Miller	Russell H. Walker
Philip J. McNamara	Wesley L. Mays
Edward E. Hogan	William S. Francis, Jr.
Edward W. Wilson	Ellwood V. Boger
Edmund J. Brogan	Shakeeb Ede
Robert V. King	Charles F. Gell
Merrill H. Goodwin	George J. Kohut
LeRoy J. Barnes	Alexander S. Angel
John W. Koett	Samuel J. Wisler
Landes H. Bell	Joseph A. Syslo
Thomas J. Canty	Nicholas E. Dobos
Clifford P. Phoebus	Arthur L. Lawler
Norbert U. Zielinski	Benjamin W. Vitou
Richard W. Garrity	

The following-named passed assistant dental surgeons to be dental surgeons in the Navy, with the rank of lieutenant commander, to rank from the 30th day of June 1937:

Waldsworth C. C. Trojakowski
Sidney P. Vail
Theodore DeW. Allan
George H. Rice

The following-named assistant dental surgeons to be passed assistant dental surgeons in the Navy, with the rank of lieutenant, to rank from the date stated opposite their names:

George N. Crosland, June 3, 1937.
Victor A. LeClair, June 3, 1937.
Robert W. Wheelock, June 3, 1937.
James H. Connelly, June 3, 1937.
Merritt J. Crawford, June 30, 1937.
Adolph W. Borsum, June 30, 1937.
William D. Bryan, June 30, 1937.
Paul M. Carbiener, June 30, 1937.
Claude E. Adkins, June 30, 1937.
Richard H. Barrett, Jr., June 30, 1937.

The following-named acting chaplains to be chaplains in the Navy, with the rank of lieutenant, to rank from the date stated opposite their names:

Thomas J. Knox, June 3, 1937.
Paul G. Linaweaver, June 30, 1937.
Roy R. Marken, June 30, 1937.
Frederick W. Meehling, June 30, 1937.

Naval Constructor William G. Du Bose to be a naval constructor in the Navy, with the rank of rear admiral, to rank from the 1st day of August 1937.

Lt. Isaac S. K. Reeves, Jr., to be a lieutenant in the Navy, to rank from the 24th day of March 1936, to correct the date of rank as previously nominated and confirmed.

MARINE CORPS

Francis F. Griffiths, a citizen of the State of New York, to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 1st day of July 1937.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 5 (legislative day of July 22), 1937

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Robert Frazer to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to El Salvador.

Frederick A. Sterling to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Estonia and Latvia.

Frank P. Corrigan to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Panama.

Arthur Bliss Lane to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Yugoslavia.

DIPLOMATIC AND FOREIGN SERVICE

George D. Hopper to be a consul general of the United States of America.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 5, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Bow down Thine ear and hear us, O Lord. Thou art good and ready to forgive and plenteous in mercy unto all them that call upon Thee. Turn unto us and impart Thy wisdom unto Thy servants; pardon our sins and give grace and tranquillity born of trust. Heavenly Father, life is so real and so full of purpose that we pray Thee to root and ground us in the precious realities of faith and character. Let us be reminded of the divine sovereignty and not forget that eternity has been set in our hearts. O come, Almighty God, speak peace to the nations and dominate the stormy waters; O sit on the water floods and overrule them, we pray Thee. Preserve the health and strength of our President, our Speaker, the Members, and all others associated with this historic Chamber. Through Christ, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 1640) entitled "An act for the relief of Harry Bryan and Alda Duffield Mullins, and others", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SCHWELLENBACH, Mr. LOGAN, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills and a joint resolution of the Senate of the following titles:

S. 191. An act for the relief of Orson Thomas;

S. 449. An act for the relief of the estate of Charles Pratt;

S. 792. An act for the relief of Margaret Larson, a minor;

S. 893. An act conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of Jack Wade, Perry Shilton, Louie Hess, Owen Busch, and William W. McGregor;

S. 972. An act for the relief of Ethel Smith McDaniel;

S. 1401. An act for the relief of Willard Collins;

S. 1453. An act for the relief of Maude P. Gresham and Agnes M. Driscoll; and

S. J. Res. 171. Joint resolution relating to the employment of personnel and expenditures made by the Charles Carroll of Carrollton Bicentenary Commission.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1637) entitled "An act for the relief of Mrs. Charles T. Warner", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LOGAN, Mr. BLACK, and Mr. CAPPER to be the conferees on the part of the Senate.

CONSERVATOR IN BANKRUPTCY

Mr. SABATH, from the Committee on Rules, submitted the following report (Rept. No. 1442) to accompany House Resolution 300, which was referred to the House Calendar and ordered printed.

House Resolution 300

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6963, a bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

REVISION OF NATIONAL BANKRUPTCY ACT

Mr. GREENWOOD, from the Committee on Rules, submitted the following report (No. 1444) to accompany House Resolution 301, which was referred to the House Calendar and ordered printed:

House Resolution 301

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8046, a bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and

supplementary thereto; and to repeal section 76 thereof and all acts and parts of acts inconsistent therewith. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

INVESTIGATION OF VARIOUS PRACTICES IN THE INFERIOR COURTS

Mr. DRIVER, by direction of the Committee on Rules, presented the following report (No. 1443) to accompany House Resolution 287, which was referred to the House Calendar and ordered printed:

House Resolution 287

Resolved, That the Committee on the Judiciary, as a whole or by subcommittee, is authorized and directed to investigate the organization and operation of, and the administration of justice in, the courts of the United States inferior to the Supreme Court; the jurisdiction, both as to territory and subject matter; the procedure; rules of practice; and costs.

The committee shall report to the House during the present Congress the results of its investigation, together with such recommendations for legislation as it may deem advisable.

For the purposes of this resolution, the committee or any subcommittee thereof is authorized (1) to sit and act during the present Congress, at such times and places within the United States as it may deem necessary, whether or not the House is sitting, has recessed, or has adjourned; (2) to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, and to take such testimony as it may deem necessary; (3) to issue subpenas under the signature of the chairman of the committee, or any member designated by him which shall be served by any person designated by such chairman or member; and (4) to administer oaths to the witnesses, respectively, by the chairman or any member of any committee acting hereunder.

DISTRICT OF COLUMBIA—DIPLOMATIC PROPERTY

Mr. FISH. Mr. Speaker, I ask unanimous consent to file a minority report from the Committee on Foreign Affairs on House Joint Resolution 473, to regulate the use of public streets and sidewalks within the District of Columbia adjacent to property owned or occupied by foreign governments for diplomatic purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. LARRABEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement from Mr. Patterson, of Baltimore, Md., on the status of correctional education in the United States.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SUGAR BILL OF 1937

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 297.

The Clerk read as follows:

House Resolution 297

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 7667, a bill to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; to raise revenue; and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

COMMITTEE ON WAYS AND MEANS

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield to permit me to submit a unanimous-consent request?

Mr. GREENWOOD. I yield.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may be permitted to sit during the sessions of the House for the remainder of this session.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the Committee on Ways and Means may be permitted to sit during the sessions of the House during the remainder of the session. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Indiana yield to permit the gentleman from New York to submit a parliamentary inquiry?

Mr. GREENWOOD. I yield.

Mr. FISH. Mr. Speaker, when permission is given to a committee to sit during the sessions of the House, does that give any rights to any of the members of that committee on roll calls?

The SPEAKER. Absolutely none.

Mr. FISH. Not even on quorum roll calls?

The SPEAKER. It does not. On all quorum roll calls all Members who desire to be recorded must appear and vote on the roll call.

SUGAR BILL OF 1937

Mr. GREENWOOD. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

The SPEAKER. The gentleman from Indiana is recognized for 30 minutes and the gentleman from Michigan is recognized for 30 minutes.

Mr. GREENWOOD. Mr. Speaker, this resolution, No. 297, from the Committee on Rules, will make in order the consideration of the so-called sugar bill. It is an open rule providing for 4 hours of general debate, for amendment and discussion under the 5-minute rule. I am presenting this rule this morning, Mr. Speaker, because of the illness of my colleague, the chairman of the committee, the gentleman from New York [Mr. O'CONNOR], whose throat is seriously affected.

Mr. Speaker, I shall not attempt to discuss the legislation which has been so ably considered by the Committee on Agriculture. Those who desire information about the bill should direct their questions to the chairman of that committee, the gentleman from Texas [Mr. JONES]. I think this is important legislation and is necessary, because the legislation dealing with sugar production and refining expires this year. In order to reach an adjustment between the various interests in this field, continental and insular interests, the committee has worked diligently. I feel sure that the rule will be adopted.

Mr. Speaker, I reserve the balance of my time.

Mr. MAPES. Mr. Speaker, I shall take just enough of the time assigned to this side to say that I am in favor of this rule and of the legislation which it makes in order. The sugar-beet industry of Michigan is supporting this legislation. There is one sugar-beet factory in the district which I represent, and a considerable number of farmers in the district raise sugar beets. I believe this legislation is in their interest as well as in the interest of the public generally and I am, therefore, glad to support it.

Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I am very glad to support both the rule and the bill which the rule makes in order. I am particularly pleased to find that finally we have reached the stage where we seem to be doing what we can on behalf of an industry in our own country.

I have objected in times past to quotas being allotted to various countries for sundry kinds of property or goods coming into this country, and I believe I have spoken previously in regard to the treatment of the sugar industry in the United States and the manner in which it has been oppressed to a very large extent by the administration in favor of Cuba. As I understand the measure before us today, and I have not studied it in detail, it will permit a better

chance for the sugar refineries being able to take the raw sugar and refining it here.

The gentleman from Michigan [Mr. MAPES] has referred to the growing of sugar beets in his State. We in Massachusetts and New England, of course, do not raise either the cane or the sugar beet, but we have a refinery in the Commonwealth of Massachusetts, not in my district, which employs several hundred hands. I have never understood why other countries should be favored by a quota that would prevent the refining of that sugar in our home section; therefore I want to congratulate the Committee on Agriculture for what they have endeavored to do on behalf of an industry within our own boundaries.

There are a number of refineries scattered throughout the country and I am sure I am voicing the sentiment of the employees of those factories when I say we are heartily in favor of the opportunity this bill will give to show some slight favor for the sugar-refining industry of the United States.

Mr. Speaker, I yield back the remainder of my time.

Mr. GREENWOOD. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. LANZETTA].

Mr. LANZETTA. Mr. Speaker, I am opposed to bill H. R. 7667 because it discriminates against American citizens who reside in Puerto Rico. This bill, which is agricultural in scope, tends to legislate on a purely industrial problem, and in doing so sets up trade barriers against the American Territory of Puerto Rico.

During the second session of the Seventy-third Congress chaos reigned in the sugar-producing industry. Because of this condition which was bringing wreck and ruin to many American producers, emergency legislation was proposed which would control production and thus stabilize the industry. When this legislation was first considered, it was the intention of its sponsors to apply it exclusively to the production of sugar beets and sugarcane, and in no way to include the manufacturing phase of the industry. However, when the bill was finally reported by the Committee on Agriculture it not only discriminated against Puerto Rico and Hawaii insofar as raw cane sugar was concerned but it also set a limitation on the amount of refined sugar which these areas could manufacture.

Mr. Speaker, I opposed that bill for the same reason that I am now opposing bill H. R. 7667. I contended at that time, as I do now, that no legislation should be passed by Congress which discriminates against any American citizen. While my opposition to that bill was unrelenting, I received in defeat some degree of satisfaction by the assurrance that that bill (Jones-Costigan Act) was only a temporary measure and that upon the enactment of permanent legislation the discriminations which I complained of would be removed.

We are now considering permanent sugar legislation, and I find that it still has some of the objectionable features which I complained of in the Jones-Costigan measure. I shall oppose this legislation just as strenuously because I cannot and will not sit idly by and see American citizens who reside in Puerto Rico discriminated against as they are in this bill.

Mr. Speaker, on March 2, 1917, the Congress of the United States gave to the people of Puerto Rico American citizenship without any qualification or restriction whatsoever. They were told at that time that they were 100-percent American citizens as long as they upheld the Constitution of the United States, obeyed the laws of our land, and discharged all the duties of American citizenship. Notwithstanding the fact that they have lived up to all the requirements of citizenship, Congress is being asked today, 20 years later, to enact into law a bill which debases the very American citizenship which was given to them so cheerfully and ungrudgingly.

There are two phases to this bill—one agricultural, wherein raw sugar quotas are allotted to the various producing areas in the United States and some foreign countries, and the other industrial, wherein limitations are put upon Hawaii, Puerto Rico, and the Virgin Islands as to the amount of direct consumption or refined sugar which they can produce.

Puerto Rico has no quarrel whatsoever with the quota which it is given under this bill insofar as raw cane sugar is concerned. As American citizens they are more than willing to assume the same burdens which are being imposed on every other American citizen. It is with respect to direct consumption or refined sugar that the American citizens of Puerto Rico complain. They feel, and justly so, that in being limited as to the amount of direct consumption or refined sugar which they can produce that they are being discriminated against inasmuch as no such restriction is placed upon the American citizens who reside in continental United States. They contend that if no limitation is placed in this bill on the direct consumption or refined sugar manufactured in continental United States, that there should be no restriction placed on the manufacture of direct consumption or refined sugar in Puerto Rico. There can be no doubt but what this unwarranted limitation on the American citizens of Puerto Rico is purely and simply a discrimination against American citizens who reside in that island.

While on this point I wish to quote from a letter sent by the Honorable James Roosevelt to the leaders of the House of Representatives on July 10, 1937, wherein he stated:

> None of the most nationalistic Republican administrations ever acceded to the demands of any group for the erection of trade barriers against the Territories of the United States. It is also important to note that the demand of the cane refiners for a trade barrier against refining operations in the domestic insular areas might prove to be the entering wedge for other groups to seek similar trade barriers against Hawaii, Puerto Rico, and the Virgin Islands.

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. LANZETTA. Mr. Speaker, the discriminations in this bill against the American citizens who reside in Puerto Rico are only the beginning of what may follow. There have been strong rumors on Capitol Hill that at the beginning of the next session of Congress the distillers of continental United States will come here to ask for legislation restricting the production of rum, not only in Puerto Rico, but also in Hawaii and the Virgin Islands. Rum, as we all know, is a by-product of raw sugar. If we now restrict the manufacture of direct consumption or refined sugar, the distillers may well feel that they too are entitled to a restriction upon the manufacture of rum. Again, if we set this dangerous precedent, is it not possible that tomorrow a bill controlling the production of tobacco might contain a similar provision restricting Puerto Rico as to the amount of cigars, cigarettes, and smoking tobacco it may manufacture and send to the United States? What if a cattle-control bill were to be introduced in Congress? Would it not be possible, in the face of this dangerous precedent, to again restrict Puerto Rico as to the amount of cheese and other dairy products it may manufacture and ship to the United States?

Mr. Speaker, there can be no question but what this sort of discrimination against American citizens in offshore areas may go on ad infinitum. It is for these reasons that this bill should not pass unless the limitations as to the amount of direct consumption or refined sugar which Puerto Rico may ship into the United States are removed. There is no question about the American citizens of Puerto Rico having discharged all of the duties of citizenship. That being so, why should they be discriminated against?

As far as I know, there is nothing in the Constitution of the United States which says that there are two kinds of citizenship—one for continental United States and one for those who reside in the offshore areas. Since there is no distinction in American citizenship, why should the citizens who reside in Puerto Rico be asked to bear greater burdens than the citizens who reside in continental United States?

There can be but one standard of citizenship in this great democracy of ours. If today you debase the American citizenship of those citizens who reside in Puerto Rico you

will be setting up a double standard of citizenship, which in the future may again be invoked not only against the American citizens who reside in the island, but also against the American citizens of Puerto Rican extraction who reside in the United States.

Mr. Speaker, there can be no reason whatsoever either economically, politically, or otherwise for discriminating against American citizens who reside in Puerto Rico, and unless I am given assurances that the discriminations which I am complaining of will be removed from the bill I shall oppose not only the bill but also the rule. [Applause.]

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Speaker, I have asked for this short time in order to call your attention to what I conceive to be a complete misconception in the mind of the gentleman from New York [Mr. LANZETTA] who has just preceded me in regard to the actual facts and actual results of this piece of legislation.

First of all, the gentleman attempts, due to his conception of this bill, to consider the bill not as an agricultural bill alone, but as having a second part to it, separate from the agricultural phase, to which he referred as the industrial part. May I call attention to the fact that instead of there being discrimination in this bill, the Members of the House, if they will read the objectives and purposes set out at the beginning of the bill, will find that it proposes to promote the welfare of the domestic sugar industry. The producers in Hawaii, Puerto Rico, and the other States in the Union inhabited by American citizens are all classed as American producers. The American market for sugar is not to be found here in continental United States alone, but is to be found in the refining areas in Hawaii and Puerto Rico.

If we are to effect anything in promotion of the general welfare of this great industry vital to our Nation, we must first of all recognize that the market for the sugar producer is the sugar refiner. Do not forget this, because we humans do not consume raw sugar, we consume sugar after it is processed and refined. For my part, Mr. Speaker, I have no sugar producers in my district and I have no refiners in my district, but I yield to no man in my determination not to depart from the fundamental principles which rise in the first instance from the first law of nature—self-preservation.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. KLEBERG. I cannot yield, my time is too short.

The situation which presents itself to this House is one which involves the adoption of a rule that has for its purpose the protection of a great market to which the producers of raw sugar in the various States and the insular possessions send their products. Under the terms of this bill, which has received most deliberate consideration by a legislative committee of the House, all of the States and insular possessions come in for certain concessions having to do with reductions in their raw-sugar production. We then come to the phase which the gentleman seeks to describe as not being in the interest of the agricultural producer. The gentleman states that we are discriminating against Hawaii because we are merely putting back into the bill the original principle subscribed to by this administration and the legislative branch of the Government in the Jones-Costigan Act, the purpose being not only to provide a continuing good market for the producers but to provide a fair market to which American consumers may go to obtain their supplies. I think that without question under the operation of the Jones-Costigan Act and under this bill American consumers will continue to have a fair market and a low price for that inestimably important household and food commodity known as sugar.

The attempt to bring sectionalism into this bill and the suggestions made by my distinguished friend, the gentleman from New York, smack more strongly of discrimination. I grant that our approach to this question is one which is based upon a desperate effort following the great depression to keep the American sugar industry intact in its inseverable present status. To permit other than that would require going back into past conditions which brought the continental American refiners down to below 65 percent of their potential capacity to melt and refine sugar which they now enjoy.

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER pro tempore (Mr. FULLER). The Chair will count. [After counting.] One hundred and seventy Members are present, not a quorum.

Mr. GREENWOOD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 135]

Binderup	Drewry, Va.	Kloeb	Rabaut
Boyer	Eaton	Lambeth	Schneider, Wis.
Buckley, N. Y.	Ellenbogen	Lamneck	Scrugham
Bulwinkle	Farley	Lewis, Md.	Simpson
Cannon, Wis.	Fernandez	Luckey, Nebr.	Sirovich
Celler	Flannagan	McClellan	Smith, Maine
Chapman	Ford, Calif.	McFarlane	Smith, Va.
Citron	Fries, Ill.	McGranery	Smith, W. Va.
Cole, N. Y.	Fulmer	McGroarty	Snell
Cooper	Gasque	McLean	Starnes
Creal	Gavagan	Maas	Stefan
Crosby	Gilchrist	Magnuson	Sullivan
Crowe	Gray, Ind.	Mitchell, Ill.	Sutphin
Crowther	Gregory	Mott	Taylor, Colo.
Curley	Hancock, N. C.	Murdock, Ariz.	Taylor, Tenn.
Dempsey	Harter	O'Connor, Mont.	Treadway
Dingell	Hill, Ala.	Peyser	Vincent, B. M.
Ditter	Jenks, N. H.	Pfeifer	Weaver
Douglas	Johnson, Okla.	Plumley	
Doxey	Kennedy, Md.	Quinn	

The SPEAKER pro tempore (Mr. FULLER). Three hundred and fifty-four Members have answered to their names, a quorum.

On motion of Mr. GREENWOOD, further proceedings under the call were dispensed with.

Mr. MAPES. Mr. Speaker, I yield 10 minutes to the Delegate from Hawaii [Mr. KING].

Mr. KING. Mr. Speaker, this resolution brings before the House the long-awaited sugar legislation, which has been under consideration by the Committee on Agriculture in one form or another since March 15 of this year.

I am sorry that the controversy over different features of the proposed legislation has engendered so much heat as to lead several proponents of the special interests involved to attack Hawaii on matters not germane to the legislation itself, and even on occasion to attack me personally. I have not attacked any other interest or community, nor do I propose to do so, but I shall later reply to the unjust attacks on Hawaii.

I am sure the Members of the House realize that I have the same responsibility to the district I represent here in Congress and the people living in that district that they themselves have to their respective districts. There would be no justification for my being here unless I were prepared to fight for the rights of my people. Perhaps every Member owes a primary obligation to the Nation as a whole and a secondary one to his own district; or some may feel it is vice versa. But certainly the Members understand that as a Delegate from a Territory, a voteless voice in this great body, I am primarily the spokesman for Hawaii and its people; and I am dependent upon the sense of national obligation of the membership of this House to secure justice for Hawaii.

I have consistently fought for the principle of equal treatment for Hawaii, as an integral and inseparable part of the United States. No other issue is involved. This bill does not provide for that equality of treatment in one of its provisions, that places upon Hawaii a special restriction as to refined sugar, which is not put upon the sugar-producing areas of the mainland. I understand the chairman of the Committee on Agriculture will propose an amendment that will remove this feature of the bill, and I hope this amendment will be accepted by the House.

The issue transcends the pending legislation. If a constituent part of the United States, over which the American

flag flies, in which American industry has its being and American citizens live and earn their livelihood, can be legislated against in favor of another section, simply because it happens to be a Territory and geographically separated from the North American Continent, then indeed are the guaranties of the Constitution denied, the promises of American democracy repudiated, the monopoly of industrial processes maintained, and a policy of colonial exploitation substituted for that of equal justice under law that has been America's proud boast.

No such legislation was proposed to prevent the South from manufacturing its own cotton, nor to restrict the refining of oil in Texas in favor of other long-established oil refineries; nor would this Congress tolerate the proposed legislation if Hawaii were carved out of the mainland instead of being some 2,000 miles offshore. Every American should be thankful that Hawaii does stand in the Pacific, the western outpost of this great Nation, and find in that insularity an occasion for gratitude that Hawaii is under the American flag, and not an excuse to consider its people as something less than Americans, to be treated differently from those who, by choice or accident, live on the mainland.

I have addressed the House before on the historical background of the annexation of Hawaii to the United States; how the people of Hawaii, after a hundred years as an independent nation, gave themselves and their country, a free and a priceless gift, to this Nation; of the implications of the negotiations leading up to annexation; and of the language of the joint resolution which consummated annexation. These implications were in part carried out by the incorporation of Hawaii as a Territory at a time when there were several other Territories on the mainland.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. KING. Yes.

Mr. COLDEN. I would like to have some information on a point about which there has been considerable controversy. What is the scale of wages paid in the sugar refineries of Hawaii as compared with similar plants in the United States proper?

Mr. KING. May I say to the gentleman from California that the details of that subject I expect to take up in the discussion of the bill itself. I am addressing myself in this limited time to the general principles of my stand with respect to Hawaii as a part of the United States.

Mr. HEALEY. Mr. Speaker, will the gentleman yield for a brief question?

Mr. KING. For a question; yes.

Mr. HEALEY. The provisions of the wage and hour bill do not apply to Hawaii?

Mr. KING. They do apply to Hawaii, I beg to correct the gentleman. I saw to that; and when the original bill was introduced, leaving out Hawaii, I wrote to the chairman of the committee and had Hawaii included, and the new draft of the bill includes Hawaii in all its provisions. I may also say to the gentleman that the National Labor Relations Act also applies to Hawaii. We have had recently an investigation of a stevedore strike made by an agent of the N. L. R. B.

I will now continue with the general argument I am trying to make.

Since annexation we have shared in all the burdens and responsibilities of American institutions, accepted the obligations of our proud estate as a part of the United States, and enjoyed the benefits that this great country confers upon its people. We have lived up to the letter and the spirit of our contract of annexation. We pay all the taxes and tariffs that Congress levies. The immigration laws, the labor laws, and the coastwise-navigation laws apply with equal effect in Hawaii as on the mainland. We have in the past and continue in the present to take not our part but a disproportionate part in the military service of the United States. In other words, we are a loyal and a patriotic community under the flag.

We have prospered as a part of the United States. We have sold our commodities in the American market as rightfully as do the citizens of Colorado or of Louisiana. We buy in the American market to the same extent as our fellow citizens of all the States. From the profits of our industry we maintain our local governments virtually without subsidy from the Federal Government, and pay into the Federal Treasury sums greatly in excess of those paid by many States. All this I have said before, and only repeat these pertinent facts so the matter may be fresh in the minds of the Members when the amendment that will grant us the right, to which we are entitled, to be treated exactly as any other part of the United States is treated comes up for their action.

We are as a territory governed by Congress to a greater degree than a State. If there be anything in local conditions that do not meet with the approval of Congress, then this body has both the responsibility and the authority to correct such conditions. First-hand testimony of authoritative character from both executive and legislative sources exists that refutes the propaganda of selfish interests and the vague statements and untrue charges of persons who have never been to Hawaii that there are such conditions. But whatever change may be considered to be required cannot serve as a justification for adopting toward Hawaii and its citizens a different, a special law for the control of its economic development.

Existing sugar legislation is an extension of an emergency measure. Its provisions should not be used as a precedent for permanent long-range legislation. Yet it is so used; and in the effort to rationalize a discrimination against Hawaii great stress is laid on the fact that such discrimination does in fact now exist. How much greater is there the need for me to protest, as my predecessor protested the present law, the establishment of another precedent, to be again used to the detriment of Hawaii at some later date, and perhaps against another of our industries.

I ask this body to remember the fundamentals of our democracy, to think back to the time when this very type of colonial exploitation was practiced against America by Great Britain, and to accord Hawaii and the American citizens of that Territory, in equity and fairness, the right that should be open to every American to pursue their economic development within the allotted quota without a restriction that legalizes an existing industrial monopoly. [Applause.]

Mr. GREENWOOD. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Speaker, my purpose in addressing the House at this time is to make a few observations on two speeches delivered here Tuesday.

One was by the gentleman from Mississippi [Mr. COLLINS] in support of a bill providing for the establishment of five subsidiary national libraries and the other was by the gentleman from New York [Mr. FISH] with reference to the maintenance of American armed forces in China.

The gentleman from Mississippi made a splendid speech, in the course of which he referred to the destruction of great libraries in the past by hostile invasion, civil war, and other causes. He mentioned specifically the damage suffered by the Library of Congress during the War of 1812. But he failed to say anything about who was responsible for that act of vandalism.

Lest we forget, George III sat on the throne of England during the War of 1812. English supremacy over the waters of the world was the issue then. And England, a mere dot on the earth's surface, controls the seas today. George I was the ruler of England from 1714 to 1727; George II from 1727 to 1760; George III from 1760 to 1820, covering the periods of both the American Revolution and the War of 1812; George IV from 1820 to 1830; George V from 1910 to 1936; and now there is sitting on the English throne another George, the Sixth.

The gentleman from New York urged the withdrawal of our armed forces in China, lest it lead us into war. Why restrict ourselves to China? I say we should also withdraw from other countries. Many of our ancestors came to America to get away from warfare, turmoil, and bloodshed. Their descendants should not be catapulted into the very maelstrom of hell they abandoned.

It is reported in the press that Mr. Bernard Baruch is unofficially representing the United States in negotiations for the settlement of the British World War debt, and we are informed that already Lord "Kiljoy" and many others of the titled gentry have dined and wined Mr. Baruch. That is an ancient practice of old Albion, namely, to fill the belly and dull the head, and it is used on all softy representatives of visiting nations, ranging from Ambassadors Extraordinary and Ministers Plenipotentiary clear down to unofficial representatives such as was Col. E. M. House.

Mr. Baruch should realize that this country does not want her pound of flesh. England and other countries got theirs from the nations defeated in the World War. America got nothing, unless it was the honor of trying to "make the world safe for democracy."

What America wants is the return of the billions of gold dollars, belonging to her citizens, that she let England have to put her on her feet when she was in dire distress. America needs the money. America should have the money. And by all the rules of decency, the entire debt should be paid.

The merest novice in American political history knows that President Wilson made a disastrous mistake when he went to Europe in the winter and spring of 1918–19 and fell into the hands of European diplomats. He would have been far more powerful had he negotiated from Washington instead of from Versailles. No special representative of this country, official or unofficial, should be sent abroad to deal with defaulting foreign nations. All dealings should be had from here, and every American citizen should know in advance exactly what is going on.

Now, as an old-time bill collector, I believe I am qualified to make a few suggestions that might be of service to our friend Barney. In the first place, I see no great need for so much politeness and diplomacy in trying to collect a bad debt. When it comes to the art of diplomacy, England produces diplomats par excellence.

If England had engaged in a game of African golf and had thrown a snake eye or a boxcar and then refused to settle up, she would have been forever barred from all other respectable crap games. Or, even in the great American game of poker, if England had welshed, she would not have been admitted to future games.

Just a few days ago a member of the New York Stock Exchange was expelled, charged with stock manipulation. Yet England, who has been manipulating and conniving all these years to defraud America of a just debt, is still accepted in polite governmental society.

I say that Barney should have taken along with him as an aide a hard-boiled constable, to seize any loose property in England, such as the royal jewels. Or, better yet, let him call upon Sheriff Peter McGuinness, of Kings County, N. Y., and have him summon a posse comitatus to seize the *Queen Mary* the next time she docks at Brooklyn. That ship was built with money rightfully belonging to the American people, and although she is now being used as a public carrier, she is designed and intended to be used for war purposes whenever the exigency arises. And the same thing should be done as to the *Normandie* of France, and the ships of all other dead-beat nations who have run out on their honor debts to America.

Let us not be led astray by English cunning. The dole to be offered us at this time is merely to quiet America's hostility due to England's welshing. America should be paid in full; but she should accept no terms that might possibly lead to a European alliance of any kind. Even should we lose every cent of the money owed us, if by so doing this country will be kept out of the conflicts in Europe, it will have been a splendid investment.

America's slogan should be, "Not one American boy for foreign war trenches." And this notwithstanding the sentiments of the Anglo-aping, knee-breeches, gold-garter, and monocle-wearing American jackasses who flit back and forth between dear old London and uncultured America. All dealings with foreign nations should be brought out into the open. There must be no passing of air between the sheets. Let the American people see and hear all that is transpiring behind the governmental scenes and, as Thomas Jefferson so truly said, "They may safely be trusted to hear everything true and false, and to form a correct judgment between them." [Applause.]

Mr. GREENWOOD. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Speaker, it is rather unfortunate that the situation should arise when charges of discrimination are made against any Territory or any State. It is my contention, and I believe the contention of those who are interested in this sugar legislation, that there is no discrimination against Hawaii or Puerto Rico. If there is any discrimination, it is discrimination against the industry in the United States. We produce only about 25 percent of our consumption, and the islanders are trading in the American market. If Hawaii and Puerto Rico were to sell their sugar on the world market, they would receive about $100,000,000 less than they get from the American market. Is that discrimination? Let me give you an illustration of discrimination against American citizens in Hawaii—discrimination on the part of Hawaii, if you please, against American citizens. I refer, gentlemen, to H. R. 1995, introduced, I believe, by the Delegate from Hawaii [Mr. KING] where they want a national park in Hawaii. Let me read to you what discrimination really is.

This bill introduced by the Delegate from Hawaii provides in part as follows:

> *Provided further*, That occupants of homesites in this national park shall reside on the land not less than 6 months in any one year: *Provided further*, That in construction projects within the area preference shall be given in employment of labor, first, to native Hawaiians.

It does not say citizens of the United States but restricts it to native Hawaiians.

Then further:

> Fishing shall be permitted in such area only by native Hawaiian residents.

Not open to all American citizens but restricts it to native Hawaiians.

And there are other discriminations in that bill. Here they introduce a bill right in the Congress of the United States and they ask for discrimination against American citizens, and then they come here and raise the wail of their voice and say they are discriminated against and then say that they are American citizens. I recognize that, but I do not believe that after all the good things that Uncle Sam has done for Hawaii, Puerto Rico, and Cuba that they should come in now asking that we discriminate against ourselves in favor of the islands.

I want at this time to pay tribute to the great chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES]. [Applause.] I want to pay tribute to the great chairman of the Subcommittee on Agriculture [Mr. CUMMINGS], on which committee I have the honor to sit. Those two gentlemen used diplomacy and tact in face of one of the fiercest onslaughts on legislation that has been made in the history of this Congress. It is about time that we legislate and that we do not take the dictates of the departments. I think it is about time the Members of this House legislated as they see fit. The thing that happened in bringing out this rule is a disgrace to the American Congress. Those departments practically said, "You will either amend this bill, or you do not get a bill", but, due to the courage and fighting spirit of those two gentlemen I just mentioned, thank God the Rules Committee saw fit to bring this rule to the floor of this House.

The SPEAKER pro tempore. The time of the gentleman from Michigan [Mr. HOOK] has expired

Mr. GREENWOOD. Mr. Speaker, I yield the balance of my time to the gentleman from Ohio [Mr. HARLAN].

The SPEAKER pro tempore. The gentleman from Ohio is recognized for 5 minutes.

Mr. HARLAN. Mr. Speaker, just to get the RECORD clear, in the first place, there are no sugar refineries and prob-

ably no sugar beets grown in my district. I am here speaking to you as the representative of Mr. John Q. Public. [Applause.]

I am in favor of this rule because it is a question we have to decide, but, as I have stated before this body on different occasions, and as I desire to make my policy in this legislative body logical, I am here to oppose, when the time comes, our treatment of Hawaii. Our entire foreign trade policy has been one to promote trade and to encourage industry in the most economical way. In the pending bill we have turned around, completely reversed ourselves on our foreign-trade policy. We have started to treat Hawaii worse than foreign nations. We have started a new policy in government, and that is the policy of industrial quotas, something that we have never attempted in the United States. Agricultural quotas, yes, but never before in any bill that I have heard of have we attempted industrial quotas.

In my own State of Ohio, for example, the Frigidaire Corporation a few years ago manufactured more electric refrigerators than all the rest of them put together. Now, suppose we had then established an industrial quota and said, "We are going to freeze the industry here"; it would have almost raised a rebellion in this country. It would have been a throttle on the throat of progress. That is what we are doing here.

They talk about the difference in labor costs in Hawaii and in this country. That will be taken up later, I understand, but if it is true, there is not half the difference between the cost of labor on sugar in the United States and Hawaii as there is between the cost of mining coal in my State and the State of Alabama, yet we do not put industrial quotas on that business. We have not yet, at least. Because of a difference in labor costs, Southern States have taken the textile industry from New England, yet we never tried the vicious experiment of industrial quotas.

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. HARLAN. I cannot. I am sorry.

There are two manners in which governments have always operated colonies. One is the Roman system of exploitation, making the colonies serve to the profit of the mother country. The other is the policy generally adopted following our American Revolution, of building up the prosperity of colonies along with the prosperity of the mother country. There was some justification for England and Rome and the other ancient exploiting countries to adopt their policy of exploitation, because they conquered their colonies. They were subjected alien enemy races, but in this case of Hawaii we have a people over there who voluntarily came under our flag, just as the people of Ohio came and asked for admission into this Union. Now, we, this great United States, come and treat them far worse than we do the people in any other foreign country except Cuba.

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. HARLAN. I am sorry. I cannot. In my own State of Ohio there are some sugar refineries—not in my district. In those refineries today they are using Mexican labor. Now, any fool knows that that Mexican labor is not coming in here from the Mexican border unless there is some contract. They are coming here with an arrangement to work in Ohio, take jobs away from our Ohio workers, and we are permitting the refineries to take bread out of the mouths of our fellow citizen in Ohio. Then in their hypocrisy they appeal to us to "protect American labor." It is American dividends that have hired this lobby.

The gentleman a moment ago talked about the steps that we had taken to protect native Hawaiians in their parks. We have done the same thing for the Indians. We have done the same thing for the Eskimos. We have done the same thing in all similar cases.

If we adopt this bill we will reverse our entire history of colonial policy, our conception of justice from our pre-Revolutionary days; we will make our foreign-trade agreement policy a mockery; we will give the Sugar Trust one more opportunity to exploit our people; and we will repay the patriotic support given us by the people of Hawaii with base ingratitude.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

All time has expired.

Mr. GREENWOOD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. LANZETTA) there were—ayes 115 and noes 9.

So the resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRISWOLD. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of the legislative program for the day I may be allowed to address the House for 30 minutes on the subject of wage and hour legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

(Mr. DIRKSEN, Mr. PHILLIPS, and Mr. MURDOCK of Arizona asked and were given permission to revise and extend their own remarks in the RECORD.)

SUGAR BILL OF 1937

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7667) to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; to raise revenue; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7667, the sugar bill of 1937, with Mr. BLAND in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the bill may be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, in view of the great interest and demand on the part of those who are directly interested in this matter, I shall make but a brief opening statement and reserve the balance of my time.

Mr. Chairman, when this subject was first broached to me a little more than 2 years ago I was very reluctant to go into it. I have no sugar, either raw or refined, nor the product from which it is made, in the district I represent, nor is there any within hundreds of miles of my home. There are, however, a great many sugar-producing areas stretching halfway around the world that feed their product into the American market. Chaotic conditions came at times in such a way that there would be a runaway market, a glutted market with low prices, to be followed by a shortage and tremendously high prices. At one time in the early twenties sugar reached nearly 25 cents a pound retail.

In fashioning the first bill we undertook to protect the consumer. It worked so well that the price of retail sugar to the consumer during the 2½ or 3 years of its operation has been less than during any 4-year period within a score of years. We required as conditions to the entrance of sugar from the sugar-producing areas offshore that they should maintain a 6 months' reserve supply. We required other conditions as to contracts between the refiners and the growers as to conditions in the areas that have produced a stabilized market. I do not think any Member has heard any complaint on the part of any of the American

people within the last 2½ years over the retail price of sugar, because they had had a better deal than during any like period within 25 years at least, and I do not believe that they ever had comparable prices. At the same time in the operation of the law the Secretary has been able to levy such conditions that the growers have gotten a better price for the beets and cane they produce.

To try to be umpire in all of these areas whose interests conflict and who naturally want all they can get of the market has been a most difficult task. I have spent a good deal of time and some of the other members of my committee have spent a good deal more time trying to work out the provisions of what they conceived to be a fair measure.

The bill under consideration establishes practically the quotas that were established under the original act with somewhat similar provisions refined by the lessons which experience always teach us. My primary purpose in helping to shape this legislation has been to see that the consumer was protected as well as to secure better treatment for the producers. I believe the same can be said of the entire committee. We have tried to see that the producer received treatment that would be in his interest and yet not be against the interest of the consumer.

I believe that with all of the differences of opinion that have existed among the various groups as well as to some extent in our committee, we worked out a fair bill, one on which there was almost unity of opinion, after hearing a good deal of evidence, after the subcommittee had done a tremendous amount of work, and after the full committee had gone thoroughly over it—a bill in which there is practically no division of opinion except on one issue, the details of which I hope to discuss at a little later time under the 5-minute rule; and that is a provision having to do with restriction on direct-consumption sugar coming in from Hawaii and Puerto Rico within their quota. There is no appreciable complaint as to the amount of raw sugar which they bring in. Under the terms of the bill we have stipulated that there shall be a limit on the amount of refined sugar which may be brought in from those islands within their quota. That limit has been the highest amount of refined sugar which those islands brought in during any one year prior to the time of the passage of the original act. On this proposition there is much difference of opinion, as you all know, but we shall have a full discussion of that. At the proper time I shall offer an amendment to strike out paragraphs (a) and (b) of section 207. I believe those who are interested in securing actual legislation, if they are wise, will adopt the amendment.

The departments and the administration are very much opposed to any limitation, taking the position that there should be like treatment among all groups of American citizens, and that there should be no discrimination against any group of citizens anywhere under the American flag.

We did make this particular change in the quotas: We increased the quota for the cane-sugar areas. I think they made out a case and are entitled to an increase, and I think the committee has arranged probably a fair basis for that provision.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. MANSFIELD. How do the quotas compare with existing law, the Jones-Costigan Act?

Mr. JONES. There has been very little change in the quotas, except an increased quota for the cane-sugar areas and a slight adjustment in area to make provision for it, and I think that will be more than cared for by the increased consumption; so there is not any appreciable change in quotas outside of the one I have mentioned.

Mr. WILCOX. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. WILCOX. The gentleman has just stated that there was an increase in quotas allowed to the cane-producing areas of the continental United States. It, of course, applies to the States of Louisiana and Florida. There are not separate quotas for each of those States, as I understand it.

Mr. JONES. That is correct.

Mr. WILCOX. The two are combined under one quota.

Mr. JONES. That is correct. May I say to the gentleman we have sugar that comes into this country from the Philippines, Hawaii, Guam, the Virgin Islands, Puerto Rico, Cuba, and some South American and other countries. The eastern and western sugar growers, Florida and Louisiana cane growers also produce sugar, and it has been a very difficult task to apportion it by regions. It has seemed very difficult to go into the question of adjusting this legislation as between States, and we did not regard that as practicable. I do state, however, that we made additional provision for the cane areas, because we thought, after going over it, that there was reason for this distinction. I may say to the gentleman I think his State is entitled to an increase.

Mr. WILCOX. I thank the gentleman very much for that statement. The bill makes no effort to establish a formula by which the cane-area quota may be allocated as between the two States?

Mr. JONES. That is correct. The present law makes no effort to do that. It is left to the administrative authorities.

Mr. WILCOX. Can the gentleman inform the House as to what formula will be used in making the allocation?

Mr. JONES. The formula set out in the bill. They take the historic production and consider that in connection with the ability to fill their quotas. They take into consideration the market facilities and several things, which are set out in the bill. All of these we will go into later.

Mr. WILCOX. I do not want to consume too much of the gentleman's time, but may I call attention to the fact that using a historic basis for an allocation would completely prevent the development of an efficient and profitable industry.

Mr. JONES. My time is so taken up that I hope the gentleman will discuss that in his time. I may say, in my judgment, the gentleman's area is entitled to more than the historical basis. Florida should have probably a minimum of, say, 75,000 tons if that much is needed. That is my judgment, but the gentleman will have to convince the administrative authorities. You see Louisiana is also to be considered, and the Department has the delicate task of adjusting all of these matters—a most difficult assignment.

Mr. WILCOX. I wonder if the gentleman would feel like saying at this time he would support Florida in offering an amendment which would obtain a minimum of 75,000 tons?

Mr. JONES. I shall be glad to say as much to the Department. I do not think those things should be put into the bill, though.

Mr. LANZETTA. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from New York.

Mr. LANZETTA. Is it not a fact that the cane-sugar quota from Puerto Rico has been reduced 34,000 tons?

Mr. JONES. It was not reduced in the quota. It was reduced that much below what they actually used. You understand the excess consumption gave them more than their quota before. There was some slight reduction, however.

Mr. Chairman, I reserve the balance of my time.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I shall not try to go into details, so far as this bill is concerned, but will refer to some of the more important provisions in it.

As has been pointed out by the distinguished chairman of the Committee on Agriculture, there are many sugar-producing countries in the world; but, as I conceive the picture, after 18 years of actual experience in the industry agriculturally, and in the financing, building, and operating plants, and in marketing sugar, there are three primary producing areas in the world, so far as I am concerned. One is the sugar-beet area of Europe. Another is the far eastern sugarcane area, which covers Formosa, Java, Philippine Islands, the Indies along in here [indicating on map], and a small amount in Australia. Another producing area is Cuba, Puerto Rico, the United States continental beet- and cane-sugar districts, and a small amount in South America.

There also enters into the conflict the sugar produced in the Philippine Islands, which moves six or seven thousand miles in order to reach the Pacific coast. Twenty-two hundred miles off the Pacific coast lies Hawaii, an organized Territory, as I understand, and subject to statehood.

This bill provides that there may be imported into this country from Cuba in the form of refined sugar to the United States, according to page 6 of the committee report, 375,000 tons of refined sugar; from Puerto Rico, 126,000 tons; from Hawaii, 29,616 tons; and from the Philippine Islands, which is involved in the Philippine Independence Act, 80,214 tons.

There is one point that may not be covered here which I want to touch on lightly and very briefly. That is the question of marketing. Let us suppose you were sales agent of the Hawaiian Sugar Planters' Association California refinery and there comes into that west coast territory refined sugar produced in Cuba under a non-bone-char process, which means bargain-counter sugar. You have no bargain-counter sugar to hold your trade on the Pacific coast. You can rest assured that insofar as the bargain-counter sugar that flows into that area from Cuba is concerned, you will be driven out of the Pacific coast market. The gallery is full of sugar men who are experienced in the marketing of sugar, and I defy them to pass the word along to you to refute that statement before this debate expires.

I speak as one who has sat there at the telephone day in and day out, month in and month out, and year in and year out, handling the long-distance telephone calls just as fast as they could come in in a fast-moving commodity market, slow markets, and what we call a runaway market. I know what it means to have competitive goods to offer in a competitive market. That question is involved in this bill and I cannot cover it in detail in 10 minutes. Other people have just as much right to talk on the bill as I have. It is something you will have to figure out as best you can as the debate progresses.

Mr. Chairman, I intend to support this bill. If the President vetoes the bill by reason of our not eliminating subsections (a) and (b) of section 207, page 14 of the bill, then I will have to go home and say to the sugar-beet growers of my district: "Well, I stood for the bill, but you have not any legislation." So as a Representative from my district I am on the spot.

I think my district grows beets for more sugar-beet mills than any other district in the United States, so far as I have been able to learn—not more beets, not more sugar, but for more sugar-beet mills. So I am interested in this bill. If we pass the bill and the President does veto it and the question comes back to the House and Senate in time to override the veto, if we override the veto before adjournment, then we will have legislation. Otherwise, the beet grower loses by reason of our poor judgment and legislative folly. So those things enter into it.

At the meeting that was held this morning I addressed a question to Senator ADAMS, who has been in very close touch with the President on this matter. He informed me the President specifically objects to subsections (a) and (b) of section 207 on page 14 of the bill. So, in a way, that is the situation. I cannot figure out to save my life how the Committee on Agriculture has had enough patience to deal with this question as it has during the months the bill has been under consideration and bring to the floor a bill as good as this.

I wish all parties were harmonized on the situation, but they are not, and that is the situation which we face. There is one redeeming feature, as I see it, and I wish my friend the Delegate from Hawaii [Mr. KING] could see it this way. So far as I know, for the first time in American sugar history the refiners of the United States are down here asking for protection for the sugar industry. To my certain knowledge for 18 years I have battled with them across the table in an attempt to provide protection for the beet-sugar and the cane-sugar industry of continental United States, including Puerto Rico and Hawaii, and they were always standing for free trade on sugar. If you were a refiner you would very well understand why they do this, because as a refiner you want raw sugar, sugar in process, sugar in the bag, sugar in transit, and sugar in the warehouses at as low a cost as you can get it.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Kansas.

Mr. HOPE. Is not the reason the refiners are down here in agreement with the producers of sugar that they want to hitchhike on the producers' bill? They are trying to get a free ride out of a bill which was originally designed to protect the producer.

Mr. CRAWFORD. The answer to the gentleman's question is that you have in this bill a refined-sugar question, not a question that has to do with imported raw sugars. You are dealing with a refined-sugar question in subsections (a) and (b) of section 207, which have to do with refined sugar. These paragraphs have to do with 29,616 tons of refined sugar from Hawaii and 126,000 tons from Puerto Rico. Naturally, the refiners are interested in that. The refiners employ American labor, and so do the beet people. Therefore, I hope we will get out of this situation a marriage forever and eternally between the seacoast refiners, the beet industry of this country, and the other producers under the American flag to the end that hereafter when a sugar bill comes up here and there is a real tariff fight on the floor, the cane refiners will come here and plead for the protection of the raw product as they now plead for the protection of refined sugar.

Mr. CARTER. Mr. Chairman, will the gentleman yield for a brief question?

Mr. CRAWFORD. Let me finish this thought, and then I will yield.

If I could convince my friend the Delegate from Hawaii [Mr. KING] that this would be the result of this measure, namely, that the refiners and the producers of Puerto Rico and Hawaii, and the beet growers, will forever after be tied up together in fighting for the protection of domestic sugar, he might see that this kind of a combination would be worth more to him than what he is asking here. However, there is no way I can guarantee that the refiners would do that, and neither can you.

I now yield to the gentleman from California.

Mr. CARTER. In reference to subsections (a) and (b) of section 207, to which the gentleman has referred, I understand an amendment is to be offered striking these subsections from the bill.

Mr. CRAWFORD. It is my understanding that the chairman of the committee, the gentleman from Texas [Mr. JONES], will offer such an amendment.

Mr. CARTER. Would the gentleman care to express his attitude toward an amendment of this kind?

Mr. CRAWFORD. Here is the situation: Suppose the refiners' friends on the floor kill the bill in the event these sections are stricken out. Who can answer on that? I certainly could not. My beet people want sugar legislation. I think there are some people in the western territory who want sugar legislation.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a question?

Mr. CRAWFORD. I yield for a question.

Mr. DONDERO. How do the amounts set forth in subsections (a) and (b) of section 207 compare with previous quotas from Hawaii and Puerto Rico? Are they more or less?

Mr. CRAWFORD. The difference is so small that I do not think I should take the time to answer the question. The question will be answered in debate, anyway.

Mr. DONDERO. Are the amounts larger or smaller than previous quotas?

Mr. CRAWFORD. I think a little bit less.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Is the gentleman for the Jones amendment?

Mr. CRAWFORD. I may vote for the Jones amendment, but I am not sure I shall. Let us hear the debate and decide on presentations made. I may vote against the Jones amendment. This is a complicated situation, as the Members of this committee will testify. It is my understanding from beet growers they are not particularly concerned whether these sections go out of the bill or remain in. If by leaving them in the President will veto, why should we leave them there if the beet people are indifferent about the matter.

Mr. MAVERICK. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes; I yield.

Mr. MAVERICK. If the Jones amendment carries, there are still a great many other benefits in the bill?

Mr. CRAWFORD. A great many benefits, in my opinion. I expect to support the bill. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. CUMMINGS].

Mr. CUMMINGS. Mr. Chairman, I wish, first, to make my position perfectly clear regarding this controversy over refined sugar. I speak for the beet growers. I think possibly I am not misstating when I say I come as near speaking for them as any man in the West. I have lived there, owned farms there, and grown beets there for 30 years.

This controversy does not make one penny's difference to the growers of beets. We shall receive the same price for our beets during the life of this law whether the refining quotas of Hawaii and Puerto Rico are increased or not. The only brief I have for the refiners is not for the refiners as such but I think that any good American citizen has a brief for every man who has a job in the United States.

What is the real issue? Hawaii and Puerto Rico are allowed to produce just as much sugar under the refining quota in this bill as they were under the Jones-Costigan Act, and that is as much as they ever produced before. In 1933 we had a stabilization agreement. For 3 months after Congress adjourned I sat with our committee. We agreed on a stabilization agreement, because the sugar industry of the world was absolutely ruined. Raw sugar sold in New York for 60 cents. For the year 1933 it sold at an average of 80 cents, which meant absolute ruin for everybody in the industry.

Some of the people who are representing Hawaii and Puerto Rico tell you they do not want a sugar bill. Do you know what I think about that? I think it is a good thing the Lord is not enforcing one particular commandment today as he did in the days of Ananias. Do you get the point? Without sugar legislation the sugar industry of Hawaii, Puerto Rico, and the United States is absolutely ruined, because we go on the world market with a 90-percent protection tariff, and we had $2 against Cuba and $2.50 against the world in 1933.

Now, we just cannot grow sugar in competition with cheap colored labor in the Tropics, and any man who knows anything about sugar knows it, any more than you people in the East can produce shoes and steel and other manufactured products without tariff protection.

As I have said, it does not make a particle of difference to the beet growers, and it will not hurt any industry in Hawaii, and the question arises, Why do they want to refine this sugar? This is just as plain as the nose on your face. If you will examine the Government report which I have here and refer to the tables in that report, you will find that the average wages for labor in the sugar industry of Hawaii is $10.80 a week. There is not any getting around that, because this is a Government report and I will give you the number of it. They want to refine the sugar there in order to make more money.

Now, what is the condition of the sugar industry in the United States and in Hawaii? In Hawaii, under the Jones-Costigan Act, there were 39 contracts. In the United States there 75,000 contracts.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. CUMMINGS. I cannot yield now.

Those 39 contracts in Hawaii received payments of $13,332,862. The lowest payment in all of Hawaii was $39,104, while the largest was $1,022,038. There are five companies in Hawaii with the same secretary and the same treasurer, one man is president of four and vice president of the fifth, and these five companies received $3,534,917 of benefits under that provision.

The industry in the two countries is absolutely different. I am going to offer for introduction in the RECORD a graph that shows that six families own and control every industry in the Island of Hawaii. They own the railroads, they own the banks, they own the sugar plantations, and when the bill was passed granting provisional independence to the Philippine Islands a provision was inserted whereby Hawaii was allowed to bring in all the labor they wanted from the Philippine Islands. The Delegate from Hawaii has introduced a bill to repeal this provision, but they did not repeal it until they had obtained all the advantages under it. There was a strike there last spring, but it did not particularly interfere with them, because they bring their labor from the Philippine Islands, and if they work 3 years they get their fare back, but they must work 1 year for the first man and then they can work where they please the next 2 years if the lords of Hawaii say they can do so.

As I have said, the conditions are absolutely different. They have told us about the labor conditions in Colorado. They say we employ labor from old Mexico.

On May 4 I sent a wire to the chairman of the Colorado Beet Growers Association, who is also a director of the national association, and I am going to read it to you so you will know I asked for the facts:

A. L. LITTLE,
Capitol Building, Denver, Colo.:
How many citizens of Old Mexico or any other foreign country are employed in our beet fields? Ask Governor Ammons to sign wire with you. Answer immediately.

FRED CUMMINGS, M. C.

Here is the reply under date of the 7th:

There are no exact data of citizenship of beet-field workers in our territories available. Best estimate of those most familiar is that 700 contracts will be worked in Colorado district, Great Western territory, by families of Mexican citizenship. This is one-eighth of total contracts. These family heads are all of long and legal residence in United States and many have children born to citizenship here. There are no nationals of other foreign countries engaged here. Estimate 2,100 contracts worked by United States citizens Spanish speaking and 2,800 by United States citizens of white race.

GOV. TELLER AMMONS,
Senator A. L. LITTEL,
President of Beet Growers' Association.

Now, please remember, there were only 39 contracts in all of Hawaii. The average farm growing beets in the United States is around 16 acres, while the average in Utah is about 6 acres. So that in the United States it is completely an American institution.

I do not want to work a hardship against anyone in the United States or anyone in the sugar business, but when you talk about people being discriminated against you must remember that Hawaii and Puerto Rico are allowed to produce all the sugar they can consume, and they are allowed to produce and sell on the world market as much as they please, but the amount they can ship to the United States is limited and the amount they can ship of refined sugar is limited, and it should be limited.

The beet growers, the last year before this limitation, produced 1,770,000 tons of sugar, and we submitted to a quota of 1,500,000 tons of sugar. Our sugar is a completed transaction when it leaves the factory. The growers haul the beets to the factory, and it comes out as refined sugar, and if there is anybody discriminated against, I would call your attention to the situation of Florida and Louisiana. Florida is not allowed to produce as much sugar as they consume, while Louisiana is allowed to produce a little more.

The entire beet-sugar industry of the United States is restricted. We could produce hundreds of thousands of tons more of sugar; but what would be the result if you threw down the bars and everybody produced all the sugar they could? You would have a ruined sugar market, and I tell my people this. While you may say it is un-American to put a restriction on continental production, yet you cannot get all that you want, and under this administration I am in favor of getting what you can, and I tell my people that if a man is growing 20 acres of beets and is restricted to 15 or 18 acres he is better off growing 15 or 18 acres at a profit than 20 acres and losing money.

These other people do not want to ruin the sugar industry. They are just talking through their hats.

I do not want to see the beet-sugar industry ruined, and, as I said in opening my remarks, it does not make a penny of difference to the growers of beets. We will get the same price for our beets.

I do say that the people that are operating the refining industry of the United States and have been for 150 years are entitled to the same protection that the beet growers are, and they are entitled to the same protection that we grant Hawaii and Puerto Rico, and we should say to them that they can produce just as many pounds of refined sugar as they have ever produced.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. JONES. Mr. Chairman, I yield 3 minutes more to the gentleman from Colorado.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. CUMMINGS. Yes.

Mr. KENNEY. Is there not a limitation on continental United States insofar as the sale of refined sugar is concerned? That is, continental United States cannot sell its refined sugar to Hawaii or Puerto Rico, and there is a natural restriction there, although there is no restriction in the bill, because of the difference in the cost, the cost of production being so much less in Puerto Rico.

Mr. CUMMINGS. And whenever you restrict the production of beets, which this quota does, it logically follows that you restrict the production of refined sugar, so that we are restricted in refining just as are Hawaii and Puerto Rico.

Mr. MAVERICK. And, if the so-called Jones amendments carry, would not there still be very many provisions in this bill that are desirable?

Mr. CUMMINGS. If these two provisions were cut out, it would not make a penny's difference to the beet growers of the United States; and I tell you that my only object is in protecting all the sugar industry of the United States and the 14,000 people who have jobs in connection with it.

Mr. MAVERICK. It will still be a good bill if they were cut out.

Mr. CUMMINGS. It would not be a good bill for the refiners. It would ruin the refiners, but it would take care of the beet growers.

Mr. KENNEY. If the refiners were ruined and the refining had to be done in the island Territories eventually——

Mr. CUMMINGS. And they would come back here and defend this law and say that there is nobody interested in sugar but the beet growers, and that they will take the tariff off that.

The cost of sugar is sometimes spoken of. It is cheaper in the United States than in any other country in the world. In Italy they pay over 15 cents. There is not a civilized country on earth that has as cheap sugar as we have in the United States. I say frankly that I do not want a high price for sugar, because I believe that the people who eat sugar are entitled to the same protection as the man that grows it. Let me give you the figures on the cost of sugar. In Germany it is $13.66 a hundred; in Italy, $21.80; in Poland, $8.40; in Norway, $7.19; in France, $9.54; in the Netherlands, $14.24; in Czechoslovakia, $11.25; in the Irish Free State, $7.72; and you can buy it in the United States today, right here in Washington, for $4.80 a hundred—10 pounds for 48 cents. I shall later, perhaps under the 5-minute rule, call attention to the cost of sugar as compared with other food products.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. CUMMINGS. Yes.

Mr. HEALEY. In answer to the gentleman from Texas [Mr. MAVERICK], if those two paragraphs were eliminated from the bill, it would in effect transfer the industry from continental United States to the insular possessions.

Mr. CUMMINGS. It would absolutely ruin the refining industry of the United States.

Mr. MAVERICK. It would not transfer all of it.

Mr. HEALEY. Practically all of it. It would take away jobs from American workmen.

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. ANDREWS].

Mr. ANDREWS. Mr. Chairman, I desire to ask one or two questions of the gentleman from Illinois [Mr. LUCAS], who is the author of one of the important amendments now a part of this bill as it comes to the floor. I wish to inquire about the proposed excise tax imposed on waste inedible molasses when used in the manufacture of industrial alcohol, a vital chemical raw material. May I ask how this tax would work out? Is it the same tax practically as on sugar itself?

Mr. LUCAS. That is correct. In other words, blackstrap molasses is coming in from the tropical countries without any importation tax, and it is also being manufactured without a manufacturers' tax for the distillation of alcohol.

Mr. ANDREWS. Would it not result in an increased cost to both direct and indirect consumers of products in which industrial alcohol is used? I urge that you look into the statistics and check the actual facts in the matter.

Mr. LUCAS. There is no doubt but what there will be an increased cost to the consumers, but at the same time we in Illinois and in the Corn Belt districts of this country believe it is a beneficial movement toward aiding the basic industry of America, and that is the true reason for the placing of this amendment into the bill.

Mr. ANDREWS. Does not the gentleman believe that this will dislocate a very vital American industry, and result in the loss of a valuable market for waste blackstrap molasses which would react against the very sugar producers the Jones bill seeks to aid?

Mr. LUCAS. No. We always hear about a dislocation of industry in every bill that is brought to the House where industry is involved, but I find that industry gets along about as well as the farmers in my section of the country, in fact, a little bit better. These industries will not stop but they may be compelled to become more interested in the use of corn in place of a foreign product.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS. Yes.

Mr. LANZETTA. Is it not a fact that the grain producers do not stand to benefit one iota from the tax on blackstrap molasses and that the only ones to benefit will be the producers of synthetic alcohol?

Mr. LUCAS. No. The gentleman is mistaken. True, it will come into competition with the producers of synthetic alcohol, but synthetic alcohol can never take the place of grain alcohol made from corn. This amendment will place the American corn producer upon a near parity with the blackstrap producer who lives beyond the confines of continental United States. Who in this legislative hall can honestly challenge that premise?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. BIERMANN].

Mr. BIERMANN. Mr. Chairman, I ask unanimous consent to speak out of order on another agricultural matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BIERMANN. Mr. Chairman, during generations the great State of Iowa has been recognized as the greatest corn-producing area on this earth. Strangely, in a rash moment

last week, the State of Wisconsin challenged Iowa's supremacy. Wisconsin's Governor, Philip La Follette, with pomp and ceremony, went to our State capital to measure corn with Iowa. He carried with him the tallest cornstalk in the Badger State. Iowa's great Governor, Nelson G. Kraschel, neighborly and good-naturedly, condescended to the contest. He hurriedly sent out a messenger to fetch the first cornstalk he came to, remarking to Governor La Follette that if the Iowa cornstalk was not 2 feet taller than Wisconsin's best he would consider Wisconsin the winner. The Wisconsin cornstalk measured 13 feet 1⅜ inches. The messenger arrived with a stalk from one of the poorer Iowa fields. It measured 16 feet 5⅛ inches. Like a good sportsman, Governor La Follette said, "You have us backed off the map when it comes to raising corn."

I wish to enter this story in the RECORD so that henceforth no such States as Illinois, Missouri, Nebraska, or Minnesota will ever challenge the agricultural supremacy of Iowa, the State "where the tall corn grows."

In order that Iowa's supremacy may be known to all other States' Representatives, Mr. Chairman, I ask unanimous consent to insert at this point a statement of a small part of the many fields in which my great State excels.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The statement is as follows:

Although Iowa ranks sixteenth in population and twenty-third in area of land, she ranks—

In value of corn, oats, horses, hogs, poultry	First
In value of farm lands and buildings	First
In combined value of livestock	First
In total value of farm property	First
In farm land improved (95.6 percent)	First
In value of farm machinery	First

Twenty-five percent of all grade 1 farm land of the United States is within the State of Iowa. Seventy-five percent of all grade 1 farm land of the United States is within 250 miles of the center of Iowa.

The farms of five Iowa counties (Sioux, Crawford, Shelby, Kossuth, and Plymouth) exceed in value the farms of either Massachusetts, Vermont, New Hampshire, Wyoming, New Mexico, or Utah.

The farms of 10 Iowa counties (Cedar, Clinton, Crawford, Jasper, Kossuth, Marshall, Polk, Plymouth, Shelby, and Sioux) exceed in value the farms in any one of the States of South Carolina, Maryland, Florida, Idaho, Maine, New Hampshire, Delaware, New Mexico, or Utah.

One-tenth of all the food products in the United States comes from the State of Iowa.

Iowa's grain products for 1935 totaled 617,500,000 bushels. This amount divided by Iowa's number of square miles—55,586—gives an average of 11,100 bushels per square mile. No other State begins to equal these figures.

The per-capita wealth for Iowa is $4,322. The per-capita wealth for the remainder of the United States is $2,685.

The value of the farm products produced in Iowa in 1 year is greater than all the gold that has been produced in Alaska in the 58 years since the United States purchased Alaska.

(Authority U. S. Census and National Industrial Conference Board.)

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. MASON. I do not believe the State of Illinois will ever challenge Iowa on the stories they put out, but we can easily challenge Iowa on the tallness of our corn. [Laughter.]

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. MARTIN of Colorado. I want to know if the Governor of Wisconsin carefully examined the structure of that cornstalk to see what made it that way?

Mr. BIERMANN. I have no idea.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. BOILEAU. Would the gentleman be interested in going into a contest with reference to cheese instead of corn?

Mr. BIERMANN. I will have to think that over.

Mr. MANSFIELD. Did that cornstalk have any corn on it?

Mr. BIERMANN. I think it had three or four ears.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, I want to speak for a moment for the consumers of the country. We have heard the farmer and the processor taken care of, but in this legislation we are going to add half a cent a pound to the cost of sugar, and that half a cent a pound must come out of the consumer. I think the consumer should be considered just for a moment at this time. In the United States we cut down on the amount of sugar we can produce. We cannot produce enough sugar in the United States for our needs. I maintain that we should be allowed to produce the sugar that we want to, so long as we cannot produce enough for our consumption.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. HARLAN. I am asking for information. This bill is simply a continuance, from a taxing viewpoint, of the Jones-Costigan present bill, is it not? That is, the one-half cent the gentleman speaks of is in the present law.

Mr. LORD. Yes; but that will expire soon.

Mr. HARLAN. Under the present law we have cheaper sugar now than we have had for years with that half cent added, have we not?

Mr. LORD. It would be that much cheaper if we did not have that tax.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. CRAWFORD. That statement will not hold water, because in 1932 we had refined sugar selling around $3.25 to $3.40 as against today's prices. If the gentleman will permit, I might point out that was under a $2 duty on sugar coming from Cuba as against a 90-cent duty today.

Mr. LORD. I thank the gentleman for the information.

Mr. Chairman, we have cut down somewhat the allowance from Hawaii. We have cut down somewhat the allowance from Puerto Rico. In addition to that we are providing that they can only ship into the country sugar in its raw form. They are a part of the United States, and, as others have contended here today, they should be allowed to ship refined if they please. If we should say that California must ship all of their sugar to New York City to have it refined, we would think that was rather drastic legislation. If we would say that Florida must ship all their sugar to Michigan to have it refined, we would think that was drastic legislation. That is exactly what we are doing with Hawaii and Puerto Rico. On that account I cannot agree with the legislation. I hope it will be stricken from the bill when it comes up for passage.

As we go on with sugar we will probably have some more amendments offered. We have heard it stated that we should have this refining in the United States so we would make that labor. What about the labor we would have if we raised all the sugar we can here? I was speaking with a Representative from Florida recently, and he tells me they could employ 30,000 more people in Florida if they could produce as much cane as they would like to produce. This would give labor to the American people. Of course, it would take it away from Cuba, but what about Cuba? We gave Cuba a greater quota of sugar than they can produce with their own labor. We cut down the amount of sugar that Puerto Rico can produce and then Cuba has to send to Puerto Rico to get labor to raise their sugar. This is the way this all works out. We are working against ourselves. The sugar factories in Michigan are not running because they do not get their quota of beets.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. GREEN. I am rather in accord with the gentleman's remarks. I cannot understand how the Congress of the United States can go on record as depriving American farmers of producing a product where we only produce 25 or 30 percent of what is consumed in our country. When we allot that to Cuba as against Florida, then we are giving Cuba a preference over Florida.

The CHAIRMAN. The time of the gentleman from New York [Mr. LORD] has expired.

Mr. HOPE. I yield the gentleman from New York 2 additional minutes, Mr. Chairman.

Mr. LORD. Then we are giving preference to Cuba, a foreign country, and not to our own Florida unemployed American citizens. It is bad government and unusually dangerous, because in case of war our sugar-beet producers in the United States will be operating under a greatly reduced capacity, and we will find ourselves the victims of foreign sugar producers.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. DOWELL. Is it not true, I ask the gentleman from Florida, that the Government paid individuals in the United States for not producing last year and the year before, at the very time when we were allowing foreign sugar to come into this country?

Mr. GREEN. Yes. We do not want any subsidy in Florida if they will let us increase our cane production.

Mr. DOWELL. Why should we restrict production in the United States when we do not produce one-third of the amount consumed in the United States?

Mr. GREEN. It is obviously an unwise policy to restrict production in our country when we make so much less than we actually consume, even in peacetime.

Mr. DOWELL. Why should we not adopt the policy that would permit increased production in the United States in order that our domestic producers may supply the needs of the United States?

Mr. LORD. Mr. Chairman, I am sorry, but I cannot yield further. Much has been said about this quota for Cuba. It is, of course, a subject I should hardly speak of, I suppose, but a few years ago some gentlemen from my own State, when sugar was 20 or 28 cents a pound—they might be classed as economic royalists by some—got mixed up in the Cuban sugar industry and they seemed to get a little advantage in the quota, a little more than some believed they should have. I want to help the gentlemen from Florida and Louisiana, and the beet men, to get a greater quota of the United States market. I believe that we should really employ American labor, that we should raise all the sugar beets we need, buying only what is necessary to make up the difference between our needs and our consumption from Cuba, or others having them to sell, and not assess the American housewife one-half cent a pound to help out the Cuban investors from New York City.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 8 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, this bill is just a fair sample of what we are going to have presented to us in the regulation of agriculture when the bill comes in next winter from the Committee on Agriculture to establish the ever-normal granary policy and the other things that will probably be tied in. You can expect an enlarged edition of the sugar-control bill.

The world has changed materially and entirely since I went to the West a little more than half a century ago. The independent farmer who could plant his field to sugar beets, corn, wheat, or grass is a man of the past. We are in a day of regulation. I speak particularly for the beet-sugar growers, as well as the consumers. We are interested in a reasonable price for sugar beets, as well as in the price of sugar. Clearly, as explained by our colleague the gentleman from Colorado, this regulation has given us a comparatively cheap sugar, and it has given us a good price for sugar beets. I grew sugar beets once in quantity and sold them for around $4 a ton. They are worth almost double that now to the grower.

The sugar-beet business is just returning to Oregon. Our sugar factory at La Grande, Oreg., was dismantled long years ago. A new sugar factory is soon to be built on the Owyhee irrigation project. Many acres are now planted to sugar beets in Malheur County with more contemplated for next year.

Mr. Chairman, I believe that we must take care of our own people in the continental United States. I am going to vote for this bill, preferably with sections (a) and (b), on page 14, retained in the bill, just as the bill came from the committee. That is my idea of what the bill should be. The only effect on Puerto Rico and Hawaii is in the amount of refined sugar that these islands can ship into the continental United States. These sections, on page 14, (a) and (b) are in the interests of the sugar refiners of the United States. I prefer to leave those sections in the bill, because they affect men working in factories. These are our own people; they are spending their own hard-earned money, buying our own farm products, articles of food that we have to sell. I believe in protecting them.

If these sections go out of the bill, I am told that the ultimate effect will be that refining will go to the islands, Hawaii, and Puerto Rico, where it can be done cheaper than in the United States.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. MANSFIELD. Is it not a fact that this will be a great discrimination against labor in this country?

Mr. PIERCE. I think so. At the present moment we should be thinking about our own factories. I think these sections should remain in the bill. I deeply regret that our President saw fit to make the statement he did to the chairman of our committee yesterday. I wish that he could be brought to see the light. I have nothing against the Hawaiian Islands, but I do know that the sugar business of the islands is practically run by a monopoly. I think there are really only five firms over there.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield.

Mr. PIERCE. I yield.

Mr. McCORMACK. There are five firms with interlocking directorates which practically control Hawaii. There is an economic oligarchy over there that ought to be investigated.

Mr. PIERCE. It seems to me if our President could realize that and could be shown the truth, he would sign the bill, as I hope we may pass it. I am going to vote for it either way. I think our new sugar-beet industry in the Malheur country of Oregon will fare equally well with it out or with it in; but I think the whole country will be better off if we leave those two sections in.

Mr. HARLAN. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Ohio.

Mr. HARLAN. The gentleman does not feel any worse against an organization of five families in Hawaii than he does against the United States Sugar Trust that has been controlling the whole business in this country for a good many years, which trust will be the primary beneficiary under this bill?

Mr. PIERCE. I do not think it will be the primary beneficiary. I think the whole country will be much better off. There is no question but what we should extend the growing of sugar beets in this country.

Mr. McCORMACK. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Bearing upon the question of labor, I know that the refineries in Massachusetts—and there are two—pay their help from 65 cents an hour to $1.05 an hour. They were paying them 58 cents an hour until recently.

The women are getting 45 cents an hour. Until recently they were getting 40 cents an hour. Then they get a bonus in addition to that. They have to compete against labor that is paid from 60 cents to $2 a day.

Mr. PIERCE. That is what we have to face in this House. We cannot yield to the old free-trade ideas that my friend from Ohio has deeply set in his mind.

Mr. HARLAN. The gentleman is a little mistaken with reference to my free-trade ideas. I have never advocated that, although I have been in favor of our trade agreements. However, production costs are not exclusively labor costs. The Hawaiian producer has to import his fuel; he has to constantly use fertilizer. In fact, I think it is the most heavily fertilized sugar field so far as I know in the world. They have other costs. They buy material in this country which they ship out to Hawaii. That promotes industry in this country. It is exactly the same proposition that we have in promoting trade through our trade treaties. The things that we offer to Hawaii, the opportunity to manufacture simply comes back to us in the United States if we can sell to Hawaii fuel, fertilizer, all kinds of machinery, equipment, and everything else.

Mr. PIERCE. That is a beautiful dream, but it does not work out in practice.

Mr. HARLAN. It is the fact.

Mr. PIERCE. We have to take care of our own people. We have to look after our own labor. We have to look after our own men in Boston and other places who want to work. It is just a beautiful theory.

Mr. WHITE of Ohio. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. A good many people claim these island possessions are our people and therefore entitled to the same consideration.

[Here the gavel fell.]

Mr. NELSON. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. COFFEE].

Mr. WHITE of Ohio. Will the gentleman yield?

Mr. COFFEE of Nebraska. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. Some of the people who are interested in this bill claim that the people of these island possessions are our people, and, therefore, should have the same consideration as our domestic growers. But I do not agree with that theory, and I want to ask the gentleman if it is true this difference is brought about by the wage and hour bill in that the provisions of that bill will not apply to those island laborers?

Mr. COFFEE of Nebraska. There seems to be a difference of opinion as to whether or not that bill will apply to Puerto Rico and Hawaii. I heard that discussed this morning. There are numerous exemptions in the Senate bill, and I have not had an opportunity yet to read the bill with the amendments made in the House Committee on Labor. However, the point to remember is that this sugar legislation is an attempt to do something to stabilize the domestic sugar industry, and no group or area has been favored. All have had to accept some restrictions or limitations.

Mr. WHITE of Ohio. That is right.

Mr. COFFEE of Nebraska. It has been necessary to provide quota restrictions to prevent the destruction of the domestic industry on account of the competition from offshore, low-cost areas. Our continental sugar growers were going bankrupt because of the low prices of 1931, 1932, 1933, before the Jones-Costigan Act went into effect. Had that act not been passed by Congress you, perhaps, would not have any sugar beets or sugar cane growing in the United States today, and that industry would be lost to the continental United States. However, in legislating for the primary benefit of the people on the continent you have provided a stabilized market for the off-shore island possessions and Territories that has made it possible for Hawaii and Puerto Rico to obtain $100,000,000 a year more for their product than they otherwise would have been able to obtain on the world market. The bill before you, in effect, continues the general principles of the Jones-Costigan Act with its limitation on refined sugar from Hawaii and Puerto Rico.

The main controversy is with respect to lifting the refined restriction on these imports from Hawaii and Puerto Rico. Frankly, the committee has had this legislation under consideration for a good many months and has tried as best it could, motivated only by a desire to be fair and just to all concerned, to arrive at the best and most satisfactory measure that could be presented to the House.

Mr. WHITE of Ohio. The committee heard from people in the island possessions?

Mr. COFFEE of Nebraska. We heard representatives from all of them. We heard from the departments, and we tried to exercise our legislative function as an independent branch of this Government and bring in satisfactory legislation.

May I say that the demands of Florida and Louisiana were given sympathetic consideration? We tried as best we could to relieve the situation. We increased the quota to the Louisiana and Florida sugarcane areas from 260,000 tons to 420,000 tons. In doing so the other areas had to sacrifice some of their quotas.

Hawaii and Puerto Rico sacrificed some. You must remember that under the Tydings-McDuffie Act the Philippines are guaranteed a quota of 970,000 tons. You must also remember that under the recoprical-trade agreement with Cuba concessions were made which we had to respect in this legislation. As a consequence, it was impossible to satisfy the legitimate demands for additional quotas.

Mr. WHITE of Ohio. Does the gentleman believe the reciprocal-trade treaty with Cuba acts to the detriment of our domestic sugar producers?

Mr. COFFEE of Nebraska. I would not say so as long as quotas are maintained. When the Jones-Costigan Act went into effect the tariff was reduced 50 cents per hundredweight, which was replaced with a processing tax. Since the processing tax was declared unconstitutional we have been making a donation to Cuba of approximately 50 cents per 100 pounds on the imports of sugar from that country. This is one reason for passing the pending measure, for here we again put the 50-cent tax back and will collect the tax on the imports.

Let me at this point discuss an item which has not been covered up to this time. The estimated tax collections under this proposed legislation will be $66,820,000 per year. The estimated payments to growers under title III of the bill, after deducting estimated reductions in payments to large growers provided for in section 304, will amount to approximately $40,000,000.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield for a question?

Mr. COFFEE of Nebraska. I yield to the gentleman from Texas.

Mr. MANSFIELD. Do not the payments go to the Puerto Rican and Hawaiian growers as well as to the domestic growers?

Mr. COFFEE of Nebraska. They do on a graduated scale. The payments are reduced in cases of large producers on a graduated scale as provided in the bill. This applies to mainland producers also.

Mr. MANSFIELD. Can the gentleman tell us about how much will go to Hawaii, in round numbers? Would it not be approximately $12,000,000?

Mr. COFFEE of Nebraska. I have not the figures. The amount would be hard to estimate because of the graduated scale of payments.

Mr. MANSFIELD. It is from $9,000,000 to $12,000,000?

Mr. COFFEE of Nebraska. Approximately, I should say.

Mr. MANSFIELD. And about the same to Puerto Rico?

Mr. COFFEE of Nebraska. A little less. With respect to the Philippine tax, it is provided in the bill that this money will be returned to the Philippines. You, perhaps, wonder why this is provided in the bill. This payment will amount to some $9,700,000. Under the Tydings-McDuffie Act we are

precluded from raising a tariff against any product from the Philippine Commonwealth. However, it is a close question whether or not this could be considered as a tariff. The committee made that concession to the State Department and War Department and included in the bill a provision to return the tax, the same as was done with the excise tax on copra and coconut oil a few years ago.

I may say that I fear the future of the domestic-sugar industry will be seriously threatened unless this sugar legislation is enacted. To safeguard this industry it is necessary for all the people interested, whether from the growers' standpoint or from the standpoint of beet labor or sugar-cane labor, or from the standpoint of the refiners or those working in the refineries, to stand shoulder to shoulder in trying to pass legislation which will safeguard the industry as a whole. If you cripple the refining industry in this country, we know that sooner or later the continental growers will find themselves in a like position. Unless we can have a combination of quotas and a tariff on sugar, the sugar growers of this country cannot feel very safe from the threat of competition from cheap tropical labor.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Nebraska. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. The gentleman has stated he is fearful that unless this measure is passed the sugar industry of this country will be destroyed. Is the gentleman's theory based on the fact there would be an increase in imports of sugar from Cuba?

Mr. COFFEE of Nebraska. Our quota provisions would fall. Unless we can maintain quotas on the imports of sugar, naturally the market will be flooded and the price will drop to a figure where it will be unprofitable for beet-sugar growers or cane-sugar growers to produce beets or cane on the continent.

Mr. ANDRESEN of Minnesota. This country would not be flooded with sugar from Puerto Rico or Hawaii but the sugar would come from Cuba.

Mr. COFFEE of Nebraska. The additional sugar would be from Cuba principally.

Mr. ANDRESEN of Minnesota. That is, because of the low duty of 90 cents, they would have an advantage and would ship sugar to this country?

Mr. COFFEE of Nebraska. Yes; Cuba, Puerto Rico, Hawaii, and the Philippines would suffer with the continental producers, because this sugar would come in in unlimited quantities and would help to demoralize the stabilized market in the United States they all enjoy. I urge the passage of this bill to safeguard the domestic sugar industry.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, sometimes things are concealed in a legislative bill which are not always apparent to the naked eye, and it becomes necessary to take out the slide rule and resort to a little arithmetic to see what that provision is. In this instance I refer to a subject matter I have discussed no end of times on this floor, namely, the subject of blackstrap molasses.

My colleague, the gentleman from Illinois [Mr. LUCAS], who is a member of the Committee on Agriculture, was successful in having written into this bill an amendment which very carefully defines liquid sugars, which would include blackstrap, and brings them within the purview of the taxing provisions of the bill. This amendment appears on page 26, and reads:

> Notwithstanding the foregoing exceptions, sugar in liquid form (regardless of its nonsugar solid content) which is to be used in the distillation of alcohol, shall be considered manufactured sugar.

Section 402 of the bill imposes a tax on manufactured sugar manufactured in this country. Section 403 imposes an import compensation tax on manufactured sugar which comes into the country from the outside. The result is, therefore, that blackstrap molasses, which is an aggregate byproduct of some 300 pounds per ton of refined sugar, and a very dark, sirupy substance, is included as manufactured sugar in the bill, and therefore is amenable to a compensating tax of a little more than one-half cent per pound of sugars.

I think the corn farmers of Illinois will be everlastingly grateful to my colleague from Illinois [Mr. LUCAS] for his diligent work in having this put into the bill, and therefore I want to supplement the things he has already done and the position he has taken by insisting that this bill should go a little bit further and increase the tax on blackstrap molasses that goes into the distillation of alcohol. Here is the arithmetic of the thing, implemented and corroborated by all that I have been able to pick up in the Department of Agriculture, the Alcohol Tax Unit, the Bureau of Internal Revenue, the Federal Alcohol Administration, and all other agencies.

Blackstrap molasses will run about 6 percent of sugar content. This is item no. 1. The Department of Agriculture tells me that it takes 6 gallons of blackstrap to produce the same amount of alcohol as a bushel of corn. This is item no. 2. It takes 12 pounds of blackstrap to make a gallon of blackstrap, and 6 times 12 pounds equals 72 pounds. So 72 pounds of molasses will displace 1 bushel of corn in the production of alcohol. If the sugar content is 6 percent, then 6 percent of 72 pounds is 4½ pounds. So for taxable purposes 4½ pounds of sugar content, taxed on the basis that is recited in this bill, will raise a tax of approximately 2¼ cents. So a tax is to be imposed of 2¼ cents on an equivalent quantity of molasses that displaces a bushel of corn in the commercial outlets of the country.

To show you what nonsense there is about all this, you cannot bring in a single bushel of corn from the Argentine unless you pay a duty of 25 cents under the Tariff Act of 1930. You can bring in 72 pounds of molasses and pay only 2¼ cents, and you can displace 1 bushel of corn grown out in the great Corn Belt. Is there any rhyme, reason, or sense about that kind of a set-up or arithmetic? And if we are going to give the corn farmer of this country a square deal it becomes necessary to raise the compensating import tax upon molasses that will be used in the distillation of alcohol.

How serious is this thing? In 1910, 24,000,000 gallons of blackstrap molasses came in from the outside. In 1936, 235,000,000 gallons came in from the outside; 149,000,000 gallons of alcohol was produced in this country from molasses in the fiscal year 1936. This is nearly 76 percent of all alcohol produced in 1936, and only 7.04 percent of all the alcohol made in this country in 1936 was produced from grain that is grown in the United States.

You people who talk about nationalism, who talk about defending the continental interests of the country, what about all this blackstrap molasses, fabricated into alcohol, that is today usurping approximately 30,000,000 bushels of corn, in the industrial market, and I will defy anybody to refute this statement.

How serious is this insofar as the farmer is concerned? Here is a clipping from The Pekin Daily Times, my home-town paper, that came to my office this morning. It shows that the corn crop for this year is estimated at around 2,600,000,000 bushels. Where does it go? Most of it stays on the farm and is fed in the form of pork and beans. Ten percent, or approximately 300,000,000 bushels, goes into the manufacture of starch and alcohol and all the other products that are processed from corn. Thirty million bushels of corn displaced today by blackstrap molasses represents 10 percent of the corn farmers' industrial outlet for his crop.

I wonder what the automobile people would say if you took away 10 percent of their domestic market. They would squeal like a stuck pig, and so would anyone else.

Now, are you going to stand by and have 72 pounds of blackstrap come in from the outside and pay a compensating tax of 2¼ cents and displace a bushel of corn which, if

it came in in the form of corn, would have to pay 25 cents under the tariff act of 1930.

What happens to all this blackstrap? It is made into ethyl alcohol and into neutral spirits and then some of it goes into the gin you drink and it goes into whisky that you drink. I sneaked over to the corner the other day and got a bottle of gin, I think for 89 cents. I just soaked the labels off and here they are. I hate to mention names, but I do not see how we are going to fight this blackstrap lobby that has been operating in Washington for the last 7 or 8 years unless we drag the stark truth into the open:

Cavalier distilled dry gin, distilled by Continental Distilling Corporation, Philadelphia, Pa.

Here is the label on the back:

Distilled dry gin. Eighty-five proof. One pint. Distilled from 100-percent cane products.

That is the euphemistic way in which the Federal Alcohol Administration permits them to say that this gin was manufactured entirely from blackstrap that came from Cuba and the offshore places. They used two and a half million gallons of blackstrap on the seaboard last year for gin. One hundred and forty-nine million gallons of alcohol was made from blackstrap molasses. Twenty-four million gallons was tax paid, 18,000,000 gallons was dumped for rectification purposes, and, if you take out the small amount made from grain, the inevitable conclusion is that another 5,000,000 gallons of this blackstrap spirits were used in blended whisky or gin in the country. We have a very felicitous regulation down here under the tutelage of the Federal Alcohol Administration. It says that you can produce and label and sell whisky that is only 20-percent straight whisky made from corn and 80 percent of neutral spirits made from blackstrap molasses. When you buy a bottle of blended whisky at the liquor store, look at the bottle before you buy it and see what the legend is on the label, whether it is 20 percent of whisky made from domestic corn and perhaps 80 percent distilled from the stuff that comes from the islands in such great quantities. Are we going to stand by and see our corn farmers impaled as they have been with this kind of nonsense? Did we not go out in 1932 and 1933 and say, "O Mr. Farmer, if you will get busy and support repeal of the eighteenth amendment we will take you up on the mountain and show you all the kingdoms of the earth; if you will just support repeal, we will expand the agricultural market for you." Yes; and have we done it? After repeal we permitted blackstrap to come in, with a tax of one-fifth of 1 cent per gallon to usurp 30,000,000 bushels of industrial outlet of the corn farmers of the country.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield for a question?

Mr. DIRKSEN. Just a moment. One other thing, to show you how serious this is. This is not a selfish matter, because they are processing blackstrap molasses in the very heart of the Corn Belt—in Peoria. Here is a decision that came from the Interstate Commerce Commission. Relief was asked from this Commission under the fourth section of the Interstate Commerce Act so that they could get a fair rate on blackstrap molasses from Gulf ports to Peoria and Pekin, Ill., and in the findings, as a substantial part of that relief, the Solvents Corporation, in Peoria, Ill., stated in this application before the Interstate Commerce Commission that their average shipment of molasses into the very heart of the Corn Belt was 30,000,000 gallons a year. Are you going to stand for that sort of thing? Do you know what corn is doing today? Thirty days ago December futures of corn were 94 cents a bushel. Look at the newspaper tomorrow morning and you will see that December futures have gone down to 64 cents. Corn has dropped 30 cents a bushel in the last 30 days. That is the reason the American Farm Bureau Federation and those interested in the corn farmer have been here before the committee and have been asking for farm legislation, because they saw this thing coming on. Are we going to stand by and talk about regimentation and control? Are we going to take some of the most fertile acres God ever put on this footstool out of cultivation and pay cash out of the Federal Treasury for doing it and then let blackstrap, 78½ percent of the total imports coming from Cuba, usurp the market of the American farmer to the extent of 30,000,000 bushels of corn?

Can you not see the sheer poppycock of such a thing that will let 72 pounds of blackstrap come in and pay a duty of 2¼ cents and then charge 25 cents a bushel before they can bring in a bushel of corn? I have distilleries operating in my town that are processing Argentine corn because of the short crop last year. For every bushel that goes through the still column they have to pay 25 cents a bushel in tariffs, yet in Philadelphia and along the Atlantic seaboard they can process blackstrap into beverage alcohol that you pour down your throat or into industrial alcohol of the kind that you rub on your ankle when you bump yourself against a rocking chair at night, or the kind that you put in your radiator to keep it from freezing in the wintertime, at only 2¼ cents for the equivalent amount. I say to you, is that fair to the corn farmer of the country? Is it not time we stripped the thing of all this hypocrisy and brought it into line. The thing to do is to change that compensating tax insofar as it applies to blackstrap, when used for distillation purposes and lay a charge of about 5½ cents per pound of sugars. That is the equivalent of 25 cents a bushel on corn. Is that not fair? Is that not fair to the corn farmer of the country? I am going to offer that amendment when the time comes, and it seems to me that everybody in the Corn Belt ought to support an amendment of that kind, because the farmers out there are going to have a surplus problem on their hands just as soon as they get to husking and strip the husks off the corn.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. MANSFIELD. Is it not a fact that this blackstrap that comes in is a byproduct of foreign refineries?

Mr. DIRKSEN. That is right. There is no question about that.

I just want to make this clear. We are not concerned about molasses that comes from Louisiana, from Colorado, and elsewhere. Our feed manufacturers will use from seventy to one hundred million gallons a year to mix with chopped alfalfa and dry feed. Our domestic production of blackstrap is probably around 10,000,000 gallons. It is not enough. I am not kicking about it coming in for feeding purposes, because it is not a substitute for but rather a supplement to the cattle feed that we produce.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. LUCAS. Members of the House should distinctly know that this amendment affecting blackstrap molasses does not affect the blackstrap that comes in for feeding purposes.

Mr. DIRKSEN. No; it does not. It does not apply to blackstrap that comes in for feeding purposes whatsoever.

Now, somebody said, "You will raise the price of commercial alcohol." Is it not fair if we put all distillers of the country on an even footing and make them start from scratch? Is that asking too much?

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. Can the gentleman inform the House about how much per gallon it will raise the price of com-

mercial alcohol that goes into the manufacture of medicine and other commodities?

Mr. DIRKSEN. In my judgment, it will be infinitesimal. I do not know exactly, but it would not amount to a great deal. There was a time before 1910 when there was not a gallon of alcohol made from blackstrap molasses. If we are going to have regimentation, if we are going to have control, if we are going to take 40,000,000 acres out of production and pay cash out of the Federal Treasury, does not consistency and common sense dictate that we utilize every portion of the American market before we venture too far afield in that direction? [Applause.]

The CHAIRMAN. The time of the gntleman has again expired.

Mr. NELSON. I yield the gentleman 2 additional minutes.

Mr. DONDERO. The manufacturers in my district are complaining bitterly over this Lucas amendment, claiming that the tax on alcohol will be raised from 3 to 7 cents a gallon. Can the gentleman inform the House whether or not he thinks that is correct?

Mr. DIRKSEN. Let us admit it does raise it that much. It simply puts everybody on the same level. The beverage distiller in the Corn Belt, the distiller on the seaboard, the distiller at New Orleans, the distiller in California, and the manufacturer of industrial alcohol will all use corn, all bought on the American market, so they start from scratch, without preferential treatment in favor of anybody. Is not that fair? Would it not be a good thing to give the American farmer a little encouragement, even though it will raise the price of industrial alcohol an infinitesimal amount? That is my answer to the gentleman.

Mr. LUCAS. Am I correct in my understanding that if the amendment in question is adopted it will practically eliminate all importation of blackstrap molasses from foreign countries?

Mr. DIRKSEN. I think it would and I think it should. Finally, it is fair. They sent in 33,000,000 bushels of corn from the Argentine in 1935, some of which was unloaded from the boat at Baltimore, and they paid 25 cents a bushel tariff. Are you going to allow this molasses to come in for 2¼ cents, or approximately one-eleventh of what they charge on corn at the present time? That is the question. That is behind the amendment that I intend to offer.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MAY. A man engaged in the feed business told me the other day he could buy corn from the Argentine and shipped in here, 15 cents a bushel cheaper than he can get it in America.

Mr. DIRKSEN. It has been consistently quoted in Gulf ports and as far north as Buffalo, 15 cents a bushel cheaper than the American price. Are we going to run out on the American farmer with a 2,600,000,000-bushel crop in the offing, or will we say to him, "We will give you a break. We will put a quietus upon this tremendous importation of competitive blackstrap which robs you of your outlet for 30,000,000 bushels of corn"? [Applause.]

One word more, Mr. Chairman, about raising prices of alcohol to help the farmer. Some years back we clipped 41 cents off of each gold dollar under the Warren theory in order to raise prices. We passed a Silver Purchase Act, under which we are buying silver today and against which we are issuing silver certificates in order to raise prices. We passed the National Industrial Recovery Act, which raised prices. We passed the Agricultural Adjustment Act to raise prices. We passed the Soil Conservation and Domestic Allotment Act to raise prices. In the light of this studied legislative effort to raise prices is it asking too much to demand this relief in the face of a perpendicular drop of 30 cents a bushel in the price of corn because it may raise prices a few cents on alcohol? Whatever rise in prices there might be it will uniformly apply to every industrial and beverage distiller in the land and gives preferential treatment to no one. To the farmer it gives a 30,000,000-bushel industrial outlet that equals 10 percent of his entire industrial outlet now.

[Here the gavel fell.]

Mr. NELSON. Mr. Chairman, I yield 2 minutes to the gentleman from Nevada [Mr. SCRUGHAM].

Mr. SCRUGHAM. Mr. Chairman, we should not enact any legislation which deals unjustly with any part of our country. If we leave in this bill the provision which prohibits Hawaii and Puerto Rico from refining the sugar they grow, we will have established as a permanent part of our legislative policy the principle that we can by law favor one part of our country at the expense of another.

I know a similar provision was contained in the Jones-Costigan Act. But it was put there largely as the result of the political influence of the eastern refiners. That was emergency legislation. This statute is in the nature of permanent legislation, and we should not commit this grave injustice to our Territories.

Great Britain long had the colonial policy of forcing her colonies to send their products to the mother country to be manufactured. That colonial policy was one of the causes of the American Revolution, and we adopted our Constitution principally because of our desire to eliminate for all time trade barriers between different parts of our country.

Questions as to labor and corporations have nothing to do with this legislation, and their introduction only serves to confuse the issues. Those questions can be handled on their own merits. But nothing justifies treating any part of our country as a foreign nation and discriminating against it for the benefit of another part.

We know it is cheaper to manufacture cotton in Alabama than it is in New England, but no one would suggest that we prohibit Alabama by law from spinning the cotton it grows in order that New England manufacturers might have a monopoly.

The Secretary of the Interior, who has charge of Territories, has taken a very clear and firm stand against such discrimination. I support his views heartily, and believe that it would be unjust and un-American to prevent sugar growers in our Territories from refining their own sugar.

I stand with the Secretary of the Interior and the Territories in this matter, and I think every Member who believes in fair play should do the same.

These questions should be handled solely on their own merits. Nothing justifies treating any part of the country as a foreign nation and discriminating against it for another part. We know it is cheaper to manufacture cotton in Alabama than it is in New England, but no one would suggest that we prohibit Alabama by law from spinning cotton that she grows, in order that the New England manufacturers could manufacture it. The Secretary of the Interior, who has charge of the Territories, has taken a very clear and firm stand against this discrimination. I support his views heartily and believe it would be unjust and un-American to prevent sugar growers in the Territories from manufacturing in the Territories.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a letter received today together with my reply thereto.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HOFFMAN. Mr. Chairman, under the terms of this bill, for which I expect to vote because I can get no better, a farmer gives his boy 40 acres of land. The boy wants to grow beets; he cannot do it unless someone in the Government or some department of the Government gives him permission by assigning to the father a quota. There is nothing to be gained by kicking about that now. We can take it and like it, and that is what I am doing, except I do not like it.

But there is something that goes a little farther than that. I am wondering whether or not, if the old man happened to have assigned to him a quota so that the boy could work on the home farm and grow beets, whether or not the boy is going to be permitted to work? Assuming that the boy is 25 or 30 years of age, married, and has a kid or two, will the boy be permitted to work? He probably will want to know, especially if he is married and has those children.

Why do I doubt it? Why do I ask that question? I will tell you why. I doubt it because of items such as appeared in this morning's Post. The gentleman from Texas [Mr. MAVERICK] had some pictures here one day of the Chicago riot. He had a part out of a series. Strange as it may seem, he showed us only a few. He did not show us the pictures which were taken by the photographer at Chicago which showed the inception of the riot, which showed the crowd surging down on the police, assaulting them with meathooks, stones, and clubs; no doubt he did not have them in his possession.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield for a question.

Mr. VOORHIS. But the gentleman from Texas showed all the pictures that he could obtain that were submitted to the La Follette committee.

Mr. HOFFMAN. The gentleman says all that were submitted to the La Follette committee? Why did not the La Follette committee produce the whole record? Why just a part? Why only that part which it thought would reflect on the police? I will lend the gentleman, because I have it in my possession, a part of the testimony taken at the coroner's inquest of a photographer and his helper where they gave testimony under oath as to taking those pictures and what they had. One of them was subpenaed as a witness before the La Follette committee. I am not accusing the gentleman from Texas of any bad faith at all, or of any lack of diligence. No doubt he was engaged in writing another book or preparing an historical lecture, or something of that kind, so I am not charging bad faith or anything of the kind.

Mr. DOCKWEILER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. DOCKWEILER. It was my understanding that the rule provided that debate must be confined to the sugar bill. I would like to have some time to talk about the sugar bill, but I am unable to get it.

The CHAIRMAN. The rule does provide that debate shall be confined to the bill. The gentleman from Michigan will proceed in order.

Mr. HOFFMAN. And that is exactly what I am talking about, because I want to know whether the C. I. O. is going to compel the farmer's boy to pay a $2 initiation fee and $1 a month before he can go out into his own field or his dad's field and work. That is what I am trying to find out, and that is all I am trying to find out.

Getting down now to pictures, in this morning's Washington Post is the picture of a worker, Frank Dillon, who was beaten up by the C. I. O. The men in this factory wanted to work; they had their own union, but the C. I. O. fellows went into the room where they had barricaded themselves, beat them up, and sent this fellow to the hospital. Coercion? Intimidation? Violence? You join the C. I. O., the organization of the President's friend, Lewis, or you take a beating. Regimentation. Well, something more than that. That was in a Plymouth factory; that was in a factory where there was one of those signed Wagner contracts under collective bargaining, a contract with U. A. W. A. forced upon Chrysler by Governor Murphy.

That is one of the methods used by C. I. O. to obtain members.

How long are we going to stand it? I asked the majority leader the other day when I got the floor: How long are the gentlemen from the South going to stand this kind of conduct? Since that time the gentleman from Mississippi [Mr. RANKIN] on this floor told in part what happened to one of the factories in his community; how, by the C. I. O., it was driven into bankruptcy. It is coming, this lawlessness, this intimidation, this coercion, this tribute collecting, to all of us; there is no question about it. I do not live in a great industrial district, just a little farming community, but we have a factory or two.

Here is a letter I received today. It appears that H. W. Kleeb was down there. He is one of the investigators for the National Labor Relations Board. Where did he go? He went there and stayed with the C. I. O. fellows, who dine him; he has his meals there with them; he is entertained by them; he is sympathetic with their views; he gets his information from C. I. O. leaders, and then he goes to the attorney for the independent union and tells him that the union is a company union and that all the fellows connected with it are biased and prejudiced—after he has been wined—wait! They do not drink down there—after he has been dined and entertained by the C. I. O. boys. Then he finds fault with the other fellows because they have organized that kind of union, about which he doubtless knows little and cares less.

Now, I say it is coming home to the farmer; it is coming to farm industry.

This factory in Detroit, the Plymouth branch of Chrysler, employs 11,000 men. Doubtless, tomorrow there will be more.

They have a contract in this factory and there have been thrown out of employment 11,000 men. Why? Because C. I. O. organizers beat workers, members of an independent union who will not desert the union of their choice and pay tribute to Lewis.

Yet we sit here and submit. How long, O Lord, how long will we refuse to protect the man who wishes to work?

Mr. Chairman, I have introduced two bills which would tend to remedy this disgraceful condition. Why can we not have a vote on those bills? One calls for the incorporation of unions, the placing of responsibility upon them; the other seeks to prohibit interstate transportation of strikers who would drive workers from their jobs. Why can we not give protection not only to the man who works in the factory but to the boy who works on the farm and the fellow who wants to grow beets, and to the men in the factories who want to make sugar?

I wish my friend the gentleman from Michigan [Mr. HOOK], who believes as I do on this matter of the sit-down strike, would some day gather his fellow Democrats around him and put through a measure which will guarantee protection to those men who want to work, as those men want to work.

We hear a lot about these fellows going out from the National Labor Relations Board. Read their proceedings and note the questions they ask. They see only the things they want to see and hear only the things they want to hear. Then they come in and an attorney sent out by the N. L. R. B. asks leading and suggestive questions and he gets the evidence he wants.

I see my friend the distinguished lawyer from Illinois, the former judge advocate of the American Legion, the sometime, I hope, Senator from that State, smile. I do not blame him.

They intimate that these hearings are judicial hearings. Some refer to the investigating board as a court. God save the mark.

The gentlemen who go out are inquisitors; they are partisans; they have preconceived opinions and the so-called hearings which they hold would be ludicrous were it not for the tragic results. Their activities have put factories out of business, have driven industries from one place to another. Their actions indicate that they know little, if anything, about the subjects with which they are called upon to deal.

One of these investigating boards is what? I will tell you what it is. It is one of these judicial vending machines.

No, it is not a vending machine; it is a gambling machine. No, it is not a gambling machine, because there is no element of chance about it; because we know what is coming out, and about that there is little, if any, uncertainty. It is an automatic vending machine, peddling opinions, not judicial.

They send an investigator who gets the evidence. The attorney asks the questions and the examiner sits there and out pops a conviction against the man who is giving work to the men who have been employed in years gone by.

The gentleman from Montana [Mr. O'CONNELL] told you what a "scab" was (RECORD of July 8, p. 6957). He said these fellows who went back to the plant were "scabs." Let me tell you there were 34,619 of them at Republic Steel and every one had worked months previously, some of them for years, in those factories, yet they were "scabs" according to the definition of the gentleman from Montana. In my judgment, they were honest, law-abiding American citizens, who wished to exercise their right to work.

May I finish with this thought that I stressed a moment ago: Can we not sometime before this Congress is over consider legislation which prohibits men coming in from outside the States and paralyzing the industries of our communities? Is it not possible to consider such legislation? Is it not possible to require those who are drawing their millions from the pay checks of the workers to account for the money which they have received? Is it not possible to impose upon them some degree of responsibility for the havoc which they bring to the worker and the community, to the public at large?

That is all I ask, and I say God grant that we can get some legislation of that kind before it is too late.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. LUCAS. Mr. Chairman, I yield 5 minutes to the Delegate from Puerto Rico.

Mr. IGLESIAS. Mr. Chairman, it seems to me this great Nation should not consider treating citizens of one part of the United States differently from the citizens of other parts of the United States. This great Congress should not permit Puerto Rico to receive different treatment from any other State or section of the Union, especially when the legislation pertains entirely to business and nothing else. The human side of the problem concerning sugar has not been entirely incorporated in the bill. It does not involve actually the question of labor, the treatment of labor, and the conditions under which people work in the various areas in which sugar is produced.

May I say to my brothers in the great American Federation of Labor that this bill, it seems to me, has nothing to do with the relations between capital and labor. Labor had to organize to fight the barons and the exploiters of labor everywhere—in Puerto Rico, in Hawaii, as well as in every part of this great Union.

Much has been said about the commercial aspect of this bill and the benefits obtained from buying goods. May I say to the Members of the House that Puerto Rico spends over two-thirds of the money it receives from this industry in the United States. We buy from the farmers and from the industries in the United States goods to the extent of $110,000,000 every year. So far as the Pan American nations are concerned, Puerto Rico ranks first in purchasing goods from the United States. There is only one exception and that is Canada. Puerto Rico, as I stated, is the largest buyer. Let us take rice, for instance. We buy more rice from Louisiana than any other country in the world. We also buy cotton, we buy meats, and we buy everything that is needed for the sustenance of the people of Puerto Rico.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. IGLESIAS. Mr. Chairman, I am sorry I cannot discuss this great question at length on behalf of the people of Puerto Rico. I understand well the position of the big sugar people and the big cane-sugar producers of Louisiana and Florida. I also understand perfectly what is the intention of the big refinery corporations. As a matter of fact the provisions in this bill protecting the corporations so far as the refining of sugar is concerned are a very nice thing for them, but I do not believe the wage earners and workers in the industry will benefit unless they fight against the exploiters, and may I say the exploiters in the United States, in Puerto Rico, and in Hawaii all fall in the same class. As a matter of fact, it is a fight between groups of capitalists.

There are located in Puerto Rico 35 sugar factories and 3 or 4 of them, the biggest ones, belong to people in New York, Massachusetts, and other places in this country. The same is true perhaps of Hawaii. The result of this fight, I am afraid, will be the crushing of the masses of the people of Puerto Rico.

Mr. Chairman, I ask the Congress to be fair with Puerto Rico and treat us as a part of this Nation. We ask you to treat us as a part of this great family, without discrimination. Puerto Rico is willing to pay all of its obligations and we are anxious to enter into the family.

[Here the gavel fell.]

Mr. IGLESIAS. As a part of my remarks, I would like to incorporate two letters, as follows:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., July 13, 1937.

Hon. SANTIAGO IGLESIAS,
House of Representatives, Washington, D. C.

DEAR MR. IGLESIAS: I will be pleased to speak to Marvin Jones and put in a good word for Puerto Rico relating to the importation of refined sugar into the United States from Puerto Rico, as you suggested in your letter dated June 25.

It has ever been our purpose and desire to help and assist Puerto Rico and the Puerto Rican people. I can clearly distinguish the difference between the treatment which should be accorded the people of Puerto Rico and favor of them and against Cuba and other countries not a part of the United States Government.

Be assured that I will do all I can to be helpful.

Sincerely yours,

WILLIAM GREEN,
President, American Federation of Labor.

SAN JUAN, P. R., *August 1, 1937.*

Hon. SANTIAGO IGLESIAS,
Resident Commissioner, Puerto Rico,
Washington, D. C.

DEAR MR. COMMISSIONER: The American Legion, Department of Puerto Rico, representing 18,000 World War veterans, are definitely opposed to the discriminations contained in H. R. 7667, which so materially affects the economic condition of 1,800,000 American citizens in Puerto Rico.

This discrimination is in complete violation of all American policies toward the people of Puerto Rico and is against all basic American principles.

We sincerely hope such discriminations as this will be eliminated from all legislation affecting the people of Puerto Rico.

Very truly yours,

JUAN LASTRA CHARRIEZ,
Department Commander, the American Legion.

Mr. NELSON. Mr. Chairman, I yield 7 minutes to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. McCORMACK. Mr. Chairman, the bill under consideration carries in its title the words "to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry." This is one of the purposes of the bill. The main fight will come on the question of whether or not paragraphs (a) and (b) of section 207, appearing on page 14 of the bill, will be eliminated therefrom. Section (a) confines the refined sugar production of Hawaii to not more than 29,616 short tons, and of Puerto Rico to not more than 126,033 short tons.

We are not confronted here with a theoretical question; we are confronted with a very practical problem. If we were considering purely an academic question the arguments of the Delegate from Puerto Rico [Mr. IGLESIAS] and the Delegate from Hawaii [Mr. KING] would be worthy of some consideration, but when we look at this from the angle which presents itself to us, we cannot escape drawing the conclusion that we have been very, very fair to both Puerto Rico and Hawaii. It must be remembered that they are selling

sugar on the American market at nearly double the price they could get on the world market. The only reason they are able to sell their sugar on the American market at nearly double the price they could get for sugar on the world market is that we passed a quota law necessary because our domestic beet- and cane-sugar producers needed quota protection in order to obtain for them a fair return on the money they have invested.

Our producers cannot compete with the producers of Cuba, Puerto Rico, or Hawaii, for the costs of production of our producers are higher than the costs of production in these islands. True, the islands are a component part of the United States, but we must look at many problems from a practical angle as we have on many occasions. When we do, we must apply the rule of justice in a practical way, and we have done so in this case. The farmers of the United States must spend more money for their help than do the producers in Puerto Rico and Hawaii. They also have to pay more for their help than the producers of Cuba. The employees of our refineries receive substantially higher wages than the employees of the refineries of Cuba, and what few refineries there are in Hawaii and in Puerto Rico.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am pleased to yield to the gentleman from New York.

Mr. WADSWORTH. I understood the gentleman to state that Hawaii is a component part of the United States, but nevertheless continental United States must look after itself, or words to that effect.

Mr. McCORMACK. No; not look after itself. I said there are certain times when we must be practical and apply the rule of practical justice to the circumstances which confront us.

Mr. WADSWORTH. Am I stretching the gentleman's theory a little too far if I suggest that upon his theory the gentleman might be called upon some day to support a measure which would place a quota upon the production of cotton goods in South Carolina?

Mr. McCORMACK. I do not see the relationship of the gentleman's question to the matter under consideration today. The gentleman is entering the realm of pure speculation, which is a realm the gentleman from New York very, very seldom enters.

Mr. WADSWORTH. It is a very practical question I have posed to the gentleman.

Mr. McCORMACK. I do not see the relationship. The question is academic and speculative. I respect the fact the gentleman believes the question is practical if he asks it, but on this occasion I disagree with the gentleman.

Returning briefly to the bill, we must keep in mind that the commerce of the islands is in raw sugar, not refined sugar. We must keep in mind the fact that the American consumers pay a substantial sum in order that the quota law may be carried into operation.

It must also be kept in mind that we are dealing with a purely continental question. The consumers of sugar live in the United States. The people in Hawaii and Puerto Rico produce far more sugar than they consume. They consume very little—small in proportion to their production. It must be borne in mind that as a result of the quota law the people of Puerto Rico and Hawaii receive many millions of dollars—from $30,000,000 to $40,000,000 a year—more than they would receive if they were selling their sugar at the world market price.

Looking at it from a practical angle, realizing that this bill is necessary for the protection of our cane- and beet-sugar producers, it is only fair, reasonable, and proper that the refining activities of the sugar business and the interest of thousands of employees should be also protected.

We must also realize that the employees of the refineries of continental United States receive much higher wages than are paid in these islands, and by "islands" I also include Cuba. In Boston men are paid, so I am informed, from 65 cents per hour to $1.05 per hour, with time and one-half for overtime, and double time for Sundays and holidays. I understand women are paid about 45 cents an hour. Compare this with wages of from 60 cents to $2 a day on the islands. Hours of labor are different than in the islands, employees in the islands being employed longer hours than here. To pass a bill without protecting the interests of the American refineries and their workers would be destructive and disastrous. I am fighting for the employees of the refineries of continental United States. I am fighting to preserve for them the happiness that they now possess. I am fighting for their rights. It must be borne in mind that the refined limits placed upon Puerto Rico and Hawaii constitutes the limit that these islands have ever refined. Under the bill each island is permitted to bring into the United States about 900,000 tons of sugar, of which, in the case of Hawaii, 29,616 tons is refined, and in the case of Puerto Rico, 126,033 tons is refined. We are giving to these islands the limit of production in raw sugar, the largest amount they ever produced, and the same in the case of refined sugar. Being confronted with a practical problem, we have treated them as fairly as they could possibly expect. We are freezing the production of raw sugar here and abroad, and we are justified, in order that the refineries of America and their workers might be protected, in freezing the amount of refined sugar of these islands. The producers of these islands are receiving millions of dollars more on the sale of their sugar here than they would receive if they were subjected to the world market price. They want that, but they do not want our continental refiners to be given practical consideration and protection.

They talk practical considerations in applying a quota on the production and sale of sugar, but when it comes to the refining of sugar they talk theory. They want everything. In this respect their position is not only weak but unfair. They charge discrimination. If the Jones amendment is adopted, the refiners and their workers will be the ones that will be discriminated against. Business and capital investment will be ultimately destroyed, and thousands of persons employed at the present time will be thrown out of work.

If the House accepts the proposed amendment, it will mean the ultimate destruction of this great industry which gives employment to about 16,000 persons at the present time in continental United States, and indirectly to many thousands of others. In my city, Boston, it will mean the destruction of a century-old industry with a pay roll well over $2,000,000 a year and which spends $2,000,000 annually for materials and supplies and pays local taxes of nearly $500,000 a year. The sum total of wages, supplies, freight, advertising, and other expenses adds about $38,000,000 per year to New England's purchasing power. The same applies to other sections of the country where refineries exist.

Mr. Chairman, I hope that when the amendment to strike out paragraphs (a) and (b) of section 207 is offered it will be defeated. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill is, of course, a continuation of the type of sugar legislation which was initiated when we passed the Jones-Costigan Act 3 years ago. There may be some differences of opinion regarding whether the quota system or the tariff system is the best method of protecting the American producer of sugar, but today we have no choice in that regard. We have before us only the question of accepting a bill which puts into effect the quota system.

The committee has worked for many months over this measure, and I am sure everyone here who is interested in the domestic-sugar industry is grateful to the chairman of the Committee on Agriculture for his patience and his efforts to help work out what is a very controversial question. Without his efforts, I feel sure we would not be considering this measure today. I am not in entire agreement with all its provisions. I expect to support some amendments which will be offered, but in general this bill does

afford protection to the producer of sugar in the United States and at the same time, I believe, adequately protects the consumer.

Theoretically, I am opposed to any restriction upon the production of sugar in the United States. For that reason I would prefer to approach this question from the standpoint of a tariff rather than of a quota system. As I see it, you cannot have a quota system without imposing domestic as well as foreign quotas. Under a tariff adequately protecting the industry, however, it would not be necessary to put any restrictions on domestic production.

However, as I said a few moments ago, we do not have that question before us today. It is a question of taking this bill or getting nothing.

Now, there are some controversial questions which the House must decide in the course of the consideration of this legislation, and as has been indicated by previous speakers, the most controversial of these matters is that of whether or not there shall be a limitation upon the quota of direct-consumption sugar from Hawaii and Puerto Rico. I have heard all the arguments on both sides of this question. I have learned them all by heart and can repeat them forwards or backwards and there is, of course, something to be said on both sides of the matter.

The able gentleman from Colorado [Mr. CUMMINGS] is undoubtedly the best informed Member of this House on the question of beet sugar. We all accord him that honor. He is entitled to the thanks of every producer of sugar beets in the United States for his effective and untiring work on this legislation. He said a while ago in the course of his remarks that it did not make a bit of difference to the producer of beets what position the House took on this question of removing quota restrictions upon direct-consumption sugar from these two areas, and I agree with him on that proposition.

May I say further what he did not say, that there is no community of interest today between the producers of sugar in this country, either cane or beet, and the refiners along the Atlantic coast. There is no community of interest today and there has never been any community of interest. As a matter of fact, up until the time of the original Jones-Costigan Act, the domestic refiners did everything they could to destroy the domestic beet industry. For 40 years they tried their best to put the beet producers of this country out of business. Not only did they oppose every effort to protect beet sugar by tariffs and other beneficial legislation but by the most unfair and misleading propaganda they built up a prejudice against beet sugar which exists to this day. As a result of that prejudice beet sugar sells on the market at a discount of 15 to 20 cents per hundred less than cane although its qualities and composition are identical. Yet in spite of that record they have the colossal nerve to ask the producers of beet sugar to assist them in getting legislation to which they are not entitled and which they could never get on its merits or rather lack of merits. They are today asking beet producers to support a provision in the bill which we all know will result in a veto and no legislation. In other words they are playing the beet producers for a bunch of suckers.

They are asking for what amounts to an embargo on refined sugar from one part of our Nation on the claim of unfair competition, when as a matter of fact they have never been able to even make out a case for tariff protection against foreign tropical countries.

Now, what are the facts in this connection? A great deal has been said here today about the difference in cost of refining between the tropical countries and the United States. A great deal has been said about the item of labor, as if that were involved in this question. Let us look at the facts insofar as labor is concerned. There are less than 14,000 men employed in the refining of cane sugar in this country and the average annual wage is a little over $1,000 per year, according to the Bureau of the Census. If Hawaii and Puerto Rico were permitted to import into this country in a refined state all the quota they are given under this bill, they would bring in 1,736,000 tons of refined sugar. At present they can bring in 155,000 tons so the net increase if all the quota were refined would be 1,581,000 tons. That is a decrease of approximately a third so in terms of labor this could not possibly mean the displacement of more than three or four thousand of the employees who are engaged in this industry today. This is the size of the labor problem involved.

There is no industry in this country in which a smaller proportion of the volume of business goes to labor than the business of sugar refining. In the hearings on this bill, at page 308, there was submitted a table compiled by Messrs. Weingarten & Co., of New York, a brokerage house in that city, compiled for the purpose of showing the varying impact of social-security taxes which would fall upon different classes of business and, of course, the class of business whose labor costs were the smallest would have the smallest burden to carry in that respect. In this table it is shown that only 3.8 percent of the volume of sugar goes to labor, while the percentage in other industries is much larger, for instance, in meat packing it is 6.8 percent, automobile manufacturing 10 percent, department stores 17.8 percent, and railroads 50.2 percent. So there is no industry in this country where the item of labor is of any less consequence than it is in the matter of sugar refining.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Not at this time.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 5 additional minutes. Now, let us proceed to a discussion of the question as to whether tropical refining is cheaper than refining on the mainland. The facts that have been brought out at various hearings before the Tariff Commission very clearly show that the cost of refining in the Tropics is just as high as it is in this country.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. In just a moment.

When the Tariff Act of 1930 was under consideration, the very, very terrible Smoot-Hawley Act, as I have heard it called so many times on the other side of the aisle, the sugar refiners in this country were unable to make out a case before a Republican-controlled Ways and Means Committee of the House or a Republican-controlled Finance Committee of the Senate. They were unable to make out a case and show that the importation of refined sugar should have any greater protection than raw sugar.

In other words, the Commission found that the cost of refining in the Tropics, particularly in Cuba—and it is substantially the same in Hawaii and Puerto Rico—is practically the same as in this country. The refiners were not satisfied with that. In 1931 they went before the Republican-controlled Tariff Commission, a bipartisan commission it is true, under a Republican administration, and asked for an increase in the duty on refined sugar upon the ground that it costs more to refine sugar in this country than in the Tropics, and here is what the Tariff Commission found, as announced on July 11, 1932:

> That the difference between domestic and foreign costs of refining is not such as to justify the Commission in specifying either an increase or a decrease in the rate of duty on refined sugar, or at least until after the Commission has finished the complete sugar investigation. Any change in the rate of duty which might result from the present refined sugar investigation would not be sufficient either to increase or decrease materially the imports of refined sugar from Cuba or the amount of labor employed in the domestic refineries.

The refiners were not satisfied with that decision, and in 1934 they again brought the matter up before the Tariff Commission operating under this administration, and asked for an increase in the rate on refined sugar. The Tariff Commission at that time held and reported to the President on January 22, 1934, that no change was warranted in the tariff differential as between raw and refined sugar.

Nothing appeared in the hearings, as I recall it, that in any way contradicted those findings of a great fact-finding body whose word is accepted as final on matters affecting the tariff. I yield to the gentleman from Texas.

Mr. MANSFIELD. Mr. Chairman, insofar as tariff protection is concerned, is it not a fact that Hawaii and Puerto Rico share in tariff benefits, if any, to the same extent as the continental producer?

Mr. HOPE. They do. They share in these tariff benefits because they are a part of the United States, and for that reason they are entitled to have the same consideration in this bill to which every other part of the United States is entitled. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. LUCAS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, because my time is limited to 5 minutes, I ask that I be not called upon to yield. I have listened with a great deal of interest to my colleague on the committee, the gentleman from Kansas [Mr. HOPE], in his remarks on the floor this afternoon, and to his statement that under this bill Hawaii and Puerto Rico are discriminated against, they are not treated as citizens of the United States, under the same flag. The interesting feature that occurs to me is that apparently my colleague, despite his long attendance at the hearings before this committee, has overshot the mark, as have those others of the committee who may agree with him, in the statement that this bill constitutes unfair discriminatory restrictions against the two insular possessions.

The quotas provided in this bill lie with equal force on all continental United States and on the entire domestic area producing sugar. Efforts were made by the committee to listen to every side, and to bring about the fairest adjustment under a quota system possible, as the only efficient means of stabilizing and retaining a market strong enough to permit both the continental and the insular sugar producer to enjoy remunerative prices above the world market price for sugar.

It is an interesting commentary that the great States of New York and Texas were producing beets at one time, and Texas both beets and sugarcane, and it is interesting also to now find that under this bill they are not permitted to resume that activity, and then hear the claim that the bill discriminates against Hawaii and Puerto Rico to a greater extent than it does against the great States of this Union.

I shall not have time in the brief period assigned to me to go into a discussion of this bill, but I do ask the members of the committee who have shown enough interest to sit here throughout this debate to at least read the extension of my remarks in the RECORD tomorrow. There are two very pertinent questions to be considered by the House when it comes finally to vote on the proposed amendments to be offered to the bill which came out of the committee. As a member of a great legislative committee of the House, and on which I am proud to serve, I am fully cognizant of the deliberate, painstaking care with which the committee went into all of the questions raised with reference to the legislation, which, in my opinion, at least so far as my 10 years' experience goes, is the most controversial of any this body has been called upon to consider.

I find it passing strange that here at this late hour in the session, after the bill has been reported from the committee following literally months of hearings, during which time every possible angle was given consideration, that the departments of the administrative branch, who have raised this question now in opposition to the deliberate result of that committee's best efforts, have brought about a situation where now at the close of Congress, in a comparatively few moments, they put the issue squarely before us, only after a hard fight to even get the sugar bill before the Congress.

[Here the gavel fell.]

Mr. LUCAS. Mr. Chairman, I yield the gentleman from Texas 2 additional minutes.

Mr. KLEBERG. I stand before you now not only as a member of the legislative committee but a Member of the body to which all of you belong and a part of the Government of the United States in its three great branches. We represent the legislative branch of this Government. All of the departments are coordinate and they have the united purpose of serving the people of the United States. But there is nothing I can find in the general picture which entitles us to have at least the feeling of having received proper consideration when, added to the fact that we had to bring this bill out after a fight, we now find ourselves faced with the fact that the Chief Executive proposes to veto this measure. Everyone here knows that the President has the veto power. It was, therefore, not necessary for that to be announced, but it seems strange that we should have presented to us premature notice of his action in connection with this piece of legislation.

It is true he has had departmental advice, but it is not true that the departments who advised him or those who conferred with those departments gave the painstaking care to a study of this question and this particular legislation which the Committee on Agriculture has given. As a Member of this House, out of respect for preserving its integrity, it is my purpose, having voted in the committee to report this bill out as it is now presented, to support the well-considered determination to which I arrived and the conclusion reached by the committee, with the exception of one member, who did not vote on the bill at that time. I speak with no ire and no choler. I speak, however, with a great solemnity of purpose that makes it seem to me of transcendent importance that if in the future the representative branch of this Government is going to function effectively for the interest of those they represent, we on this occasion should take our position firmly and squarely, as we would under less troublesome circumstances, and come to our own conclusion and stand by our guns.

Now, Mr. Chairman, with full respect for the President of the United States and for the great responsibilities which rest upon his shoulders, may I state that I firmly believe that good government under our form of government entails a proper coordination between the three branches—executive, legislative, and judicial. Nothing in my remarks should be construed as a break between the President of the United States and myself, a servant and representative of the people whom I represent in my congressional district in the State of Texas and my fellow citizens at large in the United States of America, including Puerto Rico and the Territory of Hawaii; but, Mr. Chairman and fellow members of the committee, I do not want to be understood in any other than the true light of my earnest conviction which finds me involved in an utter disagreement with the President of the United States and the departments which oppose the House Committee on Agriculture's final conclusions as represented in this bill with the restrictions on the importation of refined sugar from Puerto Rico and Hawaii as set out in the bill under consideration.

I have every desire as a Democrat and as a citizen of the United States to see a successful administration of our Government in its executive branch by our Democratic President. I have an equally high desire to see the legislative function successfully performed by a Democratic Congress, and because of that, and for no other reason, I find myself in complete disagreement with the departments and the President with reference both to their desire to strike out of the bill the restrictions on direct-consumption sugar applicable to Puerto Rico and Hawaii and the means used to accomplish that end on Representatives in the Congress. At best, Mr. Chairman, it is difficult for me to go along with the continuation of the rigid application of quotas to domestic producing areas.

Mr. Chairman, permit me to say at this juncture that the most difficult situation in which I find myself is that of being in opposition to an amendment which will be offered by my admired, dear, and long-time friend, MARVIN JONES, chairman of the House Committee on Agriculture. I deeply esteem him and hope he will be tolerant with me in that. I am sure he knows that divergent viewpoints between us, however vehement we might become in debate, will in no wise

abrogate or mar either the friendship or admiration I have for him. The statement made by the distinguished gentleman, my good friend from Kansas, CLIFFORD HOPE, that no damage would be done by removal of the restrictive provisions of the bill under controversy leads me to believe that he has made little study of the real facts with reference to the United States cane-sugar-refining industry.

This industry is now operating at less than 65 percent capacity. The average melt of the 3 years under the Sugar Control Act, 1934–36, was 63 percent—4,402,000 tons. The year 1936 was 64 percent—4,515,000 tons.

This is much less than the refiners' production of earlier years. In 1925 the melt was 5,748,000 tons, and in no year until after 1930 did it fall below 5,000,000 tons. The gentleman from Kansas suggested that if the restrictions were removed from Puerto Rico and Hawaii it would merely mean the importation of a small amount in excess of 1,800,000 tons of cane sugar for direct consumption. I hope my friend will take his pencil and subtract that sum from the 4,515,000 tons refined in 1936. No industry operating at as high costs and under such burden of fixed charges can withstand such a terrific competitive loss.

The chief factors bringing about the reduction which has occurred in continental refiners' production have been increased imports of refined sugar from insular areas, such as Cuba, together with American insular areas. In addition, but minor in effect, were the rise and effect of tariff-protected sugar and the vanishing of export demand for refined sugar.

The reasons behind these factors include lower labor charges and fixed charges in the insular areas; after 1930, the tariff differential between refined and raw sugar, which tended to promote offshore refining. Added to these, the general decline in farm prices and demand for farm produce, tending to turn farmers from other production to sugar beets, increasing economic nationalism, rising trade barriers, and the depression reduced incomes, which seriously affected consumption. The large capacity of the seaboard refiner was developed by the exigencies of the World War. The successive reduction in output left a smaller number of units over which the tremendous overhead could be spread. This has successively tended to increase the refining cost per unit and thereby lessens the ability of the continental industry to meet competition of its rival in the American refined-sugar market.

I hold, Mr. Chairman, that the destruction of the continental market for cane sugar is the only objective to be obtained by voting up the amendment to be offered by my distinguished and highly esteemed friend, the gentleman from Texas [Mr. JONES]. Cane-sugar producers in the continental United States have their only market for the raw product in the refining industry, inasmuch as we do not consume raw sugar.

The main argument advanced by those who insist upon the removal of refined-sugar quotas for Hawaii and Puerto Rico is that they demand equality of treatment under the flag. They argue that, inasmuch as there are no trade barriers between individual States on the processing of their respective products for marketing elsewhere, that there should be none for the refining of sugar in Hawaii and Puerto Rico for marketing in continental United States. I resist the theoretical phase of such an argument which wholly ignores the objective of the quota system or what, in fact, the quota system is.

This quota legislation does not seek the establishment of a political status, nor does it raise racial or citizenship questions, but deals wholly and solely with an economical problem in an effort to solve it on an economically fair basis. Its very essence is the stabilization of the industry, together with those markets through limitations of both production and processing. It makes allocations by production limitation to each area which supplies the continental market. As a starting point, it must inevitably take the entire industry as it existed in 1934 as a basis for a beginning. So the establishment of the quota system and perforce limitation of expansion of groups or elements therein would conform to economic law and fair dealing.

The limitation of expansion is applied in the case of Puerto Rico and Hawaii on the fairest possible basis, that of taking the highest peak of the refined sugar processed in Hawaii and Puerto Rico, both prior to the enactment of the law of 1934 as the limit set up in this bill.

Regarding conditions extant in 1934, the restrictions on Hawaii and Puerto Rico will bear honest comparison with those levied on the States of the Union; and I submit, Mr. Chairman, that they are far less severe. I again call attention, by example, to my State, Texas, which formerly produced both sugar beets and sugarcane, not now allowed under the quota to reenter that field of produce. Massachusetts and New York once grew beets to make sugar, and they are likewise barred to reenter that industry. The quota system merely pegs the industry with a few minor readjustments to its status of 1934. This is done on the equitable plan which permits no area or factor in the industry to use the profits and benefits under the quota system to destroy or injure the business of any other area or group. The question does not resolve itself, Mr. Chairman, as to whether all areas or groups under the bill are treated by identical formulas but rather taking into consideration the objective of obtaining for each area an equitable and economical result after consideration of all of the circumstances in the composite picture.

If the restrictions are removed on Hawaii and Puerto Rico as to direct consumption sugar, the underlying and essential principle of the entire quota system will be disrupted and violated. If that is done these two islands will be given a tremendously preferential right over the continental refining industry, which, in my opinion, will finally destroy it, and with it the market to which continental producers must go with their product. This because the quota system denies continental refiners from obtaining their material elsewhere. The quota plan permits these insular American citizens to ship to the continental market the maximum amount they have ever shipped prior to 1934, but, on the other hand, it restricts the volume of continental refining to a figure tantamount to 60 percent of their capacity and far below their performance over a long period of years.

The applied principle is identical. The discrimination or inequality, if any, when final results are reviewed, is against continental refining and not in its favor and is far more fair and reasonable to Hawaii and Puerto Rico. They at least are not required to cut down nor are they caused to do so from their previous performance. They were merely precluded from expansion of their shipments to the continent.

In exchange for this restrictive provision, if there should be involved a sacrifice on the part of Puerto Rico and Hawaii because of the limitation on the quantity of raw sugar which they produce to a reasonable figure based on past performance, these islands are receiving subsidies from the people of the continent amounting to around $1,000,000 annually.

In conclusion, Mr. Chairman, no State in the Union in continental United States receives comparable benefits under the operation of the Sugar Act. No other sector of the entire sugar industry enjoys greater prosperity than do Puerto Rico and Hawaii. It seems unreasonable to cry discrimination when the measure before us simply provides that they are not to use that prosperity, paid for by American consumers under the quota system, to destroy the old-established continental refining industry which constitutes the only market which the continental producers of cane sugar have. This, Mr. Chairman, would be more than discrimination. It would be grossest inequity tantamount to malpractice. I do not propose to go into recriminations or the criticisms which inevitably rear the ugly head of sectionalism. On the contrary, I have attempted with great solemnity of purpose to present the picture developed in my mind after long and exhaustive hearings before the House Committee on Agriculture, of which I am a member.

Mr. Chairman, these are my conclusions, and upon them I will cast my vote and because of them I make this plea. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, I approach a discussion of the merits of this bill this afternoon with a little hesitation because of the limited time at my disposal. You Members who have served for any number of years realize that I have arisen in my place in this House on many occasions to defend the American sugar industry and to do whatever I could to bring about its ever-increasing development.

Something has been said by the previous speakers about the discrimination that is supposed to exist in this bill against certain producers in our island possessions. I would like to discuss that particular phase of the question for a moment. The gentleman from Hawaii [Mr. KING], a gentleman of great ability for whom I have the greatest respect and no little affection, made the plea that the people whom he represents were being discriminated against in the committee bill. Now, let us see about that. The gentleman bases his opinion upon the fact that certain restrictions upon the development of the sugar industry in Hawaii are carried in this bill. The gentleman entirely overlooks the fact that every element of the sugar industry, either in continental United States or in our island possessions, regardless of what that element is, is also restricted in this bill and has been restricted in its development and in operations, since this administration put upon the statute books the first sugar-control bill.

Mr. Chairman, when the present administration took over the management of the governmental affairs of this country there existed in my home city three large beet-sugar refining plants. The beets which those plants refined were grown by the farmers of my district within a radius of 20 miles of those plants. The first sugar-control bill, Mr. Chairman, resulted in the closing and dismantling of one of those plants. More recent legislation and the announcement of policy upon the part of the administration this year resulted in the closing of another one of those plants, and today in my city there is but one refining plant still in operation. I should say if there has been discrimination against any element of the sugar industry anywhere under the American flag it has been directed against the industry of the mainland.

I call the attention of the gentleman from Hawaii to the fact that this bill does not in any way provide for a reduction of any of the sugar activities in those islands. It still permits Hawaii to refine 29,000 tons of sugar each year, and they are still permitted the same quota of raw sugar production which they had last year. There is no discrimination in the bill as it is now written against either Hawaii or Puerto Rico. It seems to me, Mr. Chairman, that if there is discrimination in anything proposed in the bill or proposed by others which is not now in the bill, it will be found in the amendment to be offered to the bill by the chairman of the committee, the gentleman from Texas [Mr. JONES], a gentleman for whom I have more than a great respect, a gentleman who has always dealt fairly with the domestic sugar industry so far as he could, and who will in the years to come be known as one of the great chairmen of this great committee. He will—I assume upon request—offer an amendment which does provide for a discrimination, but it is not a discrimination against the sugar activities or sugar industries of either Puerto Rico or Hawaii.

Mr. Chairman, we have something more than 14,000 American citizens working in the great cane-sugar refining plants located in continental United States, in which many thousands of our American people have invested their savings. The employees in these factories live in this country; they hold jobs in this country. The amendment which will be offered by the gentleman from Texas [Mr. JONES] would, in the final analysis if adopted and enacted into law, result in the ultimate destruction of that investment and throw out of employment those 14,000 men of whom I speak.

Today Hawaii is authorized to refine 29,000 tons of sugar. This is all the refining capacity of the Hawaiian factories. In order to increase that amount, this possession of ours would find it necessary to build other refining plants. A similar situation exists in Puerto Rico. If we increase the quota for direct-consumption sugar coming from that possession it means that they must necessarily build in those islands additional refining plants.

What will we be asked to do when that amendment is offered? We will be asked through legislation to declare a death sentence upon the investments made in this country; we will be asked to destroy plants which already exist in this country; we will be asked to throw out of employment American citizens living here who now have jobs. We will be asked to do these things in order that people living in our possessions may have the authority and the opportunity to build in the place of the things we would destroy in this country other institutions of like character that their people may have opportunities for investment and that their citizens may have opportunities for more jobs.

It would seem to me, Mr. Chairman, that if there is any discrimination to be found anywhere in this bill or which will be proposed by any amendment, that it is a discrimination against American citizens living in continental United States and not in the possessions of the United States.

Mr. Chairman, there is another phase of the situation that ought to be discussed at this time, it seems to me, and I want to carry the minds of the members of this committee back to the days when Secretary of Agriculture Wallace appeared before the committees of Congress and testified to his belief that the sugar industry of this country was an inefficient industry, that it ought never to have been started in this country, that it ought to be destroyed. He also made the statement at the time, Mr. Chairman, "that it does not seem to be politically possible to destroy this industry at the moment."

Now, Mr. Chairman, I think there has never been so much harmony, so much cooperation between the various elements of the sugar industry of this country as there is at this time. I grant the truth of the things said by my friend the gentleman from Kansas awhile ago relative to the refiners; and I am perfectly aware of the fact that in days gone by they have not played fair with the sugar-beet industry.

[Here the gavel fell.]

Mr. KINZER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Michigan.

Mr. WOODRUFF. I may add, however, that these refiners have finally come to the realization that if they are to be permitted to live industrially they must cast their lot and their political support with representatives in the House and in the Senate from the great beet- and cane-sugar areas of this country. They realize that if they are going to continue to live they must necessarily have the support of those who represent these sections and States. In the past I have resented their activities, their actions, their whole attitude toward the domestic productive industry, but that is water over the wheel. We are faced with a situation which in the last analysis means the destruction of one part of the sugar industry in this country. I refer, of course, to the refining end of the industry. So far as I know I have never even met a man who owned a share of stock in this industry, but I am concerned in preserving the investments in the refining industry in this country. I am concerned in preserving the jobs of these 14,000 American citizens who work and spend their wages in this country. If this industry is destroyed, those men who today are actively supporting this measure and who are voicing their approval of this bill, men who come from sections of the country where refining industries exist, will then no longer be interested in maintaining the great sugar-beet and cane-growing activities of this country which mean so much to the American farmers. When that time comes, when our forces are reduced to only those States which now produce beet and cane sugar, if Mr. Wallace is still Secretary of Agriculture, he will then find it politically possible to eliminate the sugar industry of this country entirely.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. Yes; very gladly.

Mr. MANSFIELD. Does not the gentleman believe that if the domestic refiners are put out of business that that will leave a monopoly in the hands of foreign refiners and that the price of sugar will be increased correspondingly?

Mr. WOODRUFF. I wish I had time to go into that. It would have a great effect upon the price of sugar, as history has taught us. I refer any doubting Member to the year 1920, during a part of which when American beet sugar was off the market and when the importers of offshore refined sugar had an opportunity to fix, without competition, the price of sugar to the American consumers. The American housewife at that time had to pay as high as 32 cents a pound for the sugar she bought. Compare that with the 5 or 5½ cents per pound she pays when the domestic industry is flourishing. I commend that statement to the gentleman from Ohio [Mr. HARLAN], who this afternoon expressed an interest in the consuming public. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Chairman, it is rather difficult to cover all the points in this bill in the short time allotted to me. I listened with interest to the well-informed gentleman from Kansas [Mr. HOPE] when he said that the refined cost in the United States was less than the refined cost in Cuba. In other words, it cost more to refine sugar in Cuba or at least as much as it does in the United States.

The details of the cost per hundred pounds of refining sugar in the United States and Cuba were reported in the United States Tariff Commission Table 56, Report 73, for the period 1929 to 1931, which is the latest information we have available. That shows the average refining cost in the United States to be 0.6591 and in Cuba 0.581. So that argument falls by the wayside.

Then we get down to the question of prices to the consumer. When the Jones-Costigan Act went into effect in 1925 the price to the consumer was 5.448 per pound refined, and retail 7.2. In 1933 to 1936 the average price to the consumer of refined sugar was 5.4 to 5.6. So that under the provisions of the Jones-Costigan Act, which this bill will continue, the price of sugar was stabilized and the cost to the consumer is less than under provisions existing previous to the enactment of those provisions.

Let us get down to the proposition in which I am interested and that is the labor provision. I hold in my hand a letter I received this afternoon from the president of the American Federation of Labor, Mr. Green, in which he says:

> MY DEAR CONGRESSMAN: I am taking the liberty of sending you this short note, because the American Federation of Labor is deeply interested in the protection of the economic welfare of the workers employed in sugar refineries in the United States. I understand the Agriculture Committee has reported a measure for consideration and action by the House of Representatives. I sincerely hope this bill may provide such adequate restrictions upon the importation of refined sugar from Cuba as may be necessary in order to protect wage standards and provide employment in the sugar-refining industry in the United States. It would seem but fair and just that such reasonable limitations against the importation of refined sugar from our insular possessions as circumstances may require ought to be incorporated in the measure.
>
> I will appreciate it very much if these recommendations in behalf of labor may be given favorable consideration.
>
> Sincerely yours,
>
> WM. GREEN,
> *President, American Federation of Labor.*

Mr. LORD. Will the gentleman yield?

Mr. HOOK. I cannot yield.

Mr. Chairman, may I say that it was no small task to bring this bill out from the Committee on Agriculture. I want to go back to the beginning of the hearings and call attention to page 364 thereof, at which time Mr. Robins, of the Department of Agriculture, refused to testify before the Committee on Agriculture. The gentleman from Kansas and myself insisted that a member of the Department testify. He did not want to testify for the record. Now, that very Department and those men want to impose a restriction upon the continental United States. They want you to take out section 207. They want you to allow refined sugar to come into the United States unrestricted, yet they did not have the nerve to testify before the committee until we forced them to do so. When they get control of the refined-sugar factories and drop the price of sugar—run our industry out—up will go the price as was done during and after the World War 27 cents per pound. Please do not allow this to happen.

Then what happened? When we did report a bill, they even went to the Rules Committee and to the leaders of the House and said, "We do not want a bill to be reported until it has been amended as we want it."

Mr. Chairman, I say it is about time that we as Representatives of the people of the United States legislate as we see fit and not let other people hand bills to us to be passed. If this bill had been refused a rule because it was not in the form as demanded by the departments, we might just as well have said, "Let the departments write all legislation and when drafted hand it to the Rules Committee." You do not need us Congressmen or any committee work, so we will be more than pleased to go home. If we are not going to be allowed our constitutional prerogatives, please do not make us suffer. Let us go home. Is not that ridiculous? But, after all, that is just what they tried and are still trying here.

They say the President will veto this bill if subdivisions (a) and (b) of section 207 are not stricken out. I do not believe this because he stated in his message to Congress:

> The Jones-Costigan Act has been useful and effective and it is my belief that its principles should again be made effective. I therefore recommend to the Congress the enactment of the sugar quota system and its necessary complements, which will restore the operations of the principles on which the Jones-Costigan Act was based.

In a message to Congress dated February 8, 1934, President Roosevelt recommended the passage of sugar legislation. Secretary of Agriculture Wallace, in a press release at that time, stated:

> The administration recognized that domestic beet and cane producers will suffer the disastrous effect of further price declines unless the impact of insular production on the domestic market is modified through a definite restriction of shipments.

The result was the Jones-Costigan Act. This law has proven to be a lifesaver to all. It restricted the shipment of refined sugar from all offshore areas, including Cuba and Hawaii, and rightly so, for the protection of both labor and the consumer.

The subcommittee of the Committee on Agriculture which was appointed to consider the sugar question agrees with the President of the United States. We believe that the principles of the Jones-Costigan Act should be continued. We held hearings and heard this problem discussed from every possible angle. Representatives of all sides were heard. After this discussion and a careful consideration of the testimony in executive session the subcommittee reported a sugar bill. The full committee considered the subcommittee's finding, and, with a few changes, reported the bill, which is now before this House.

The Democratic platform in one part states:

> We will continue, as in the past, to give adequate protection to our farmers and manufacturers against unfair competition or dumping on our shores commodities and goods produced abroad by cheap labor or subsidized by foreign governments.

We in the Agricultural Committee reported out this bill, which does exactly as the President requested in his message. It extends the principles of the Jones-Costigan Act. It follows out the promises of the Democratic platform of 1936. And I am certain that cloaked undercover news claiming a Presidential veto have no foundation any more than many other bluffs that have been attempted by some of the "brain trusters" who are on the pay roll of the insular and foreign sugar monopolists. Do not be frightened by such rumors. Stand up like men and pass the legislation that a unanimous committee reported after months and months of serious study.

If you do this the beet and sugar growers will be thankful, the consumers will be thankful, but most of all union

labor—the men and women in continental America who labor for their daily bread in the sugar industry, some 75,000 of them—will be everlastingly grateful. I thank the president of the American Federation of Labor, Mr. William Green, for his kind letter to me in behalf of labor, and assure him I will continue to fight for organized labor as I have always done in the past.

I have heard the Delegate from Hawaii talk about labor conditions in the island of Hawaii. Let me quote what the Department of Labor has to say about that. I quote from a bulletin of the United States Bureau of Labor Statistics on labor conditions in the Territory of Hawaii—Bulletin No. 534, pages 14 and 15. The source of labor for the sugarcane industry in the Territory of Hawaii has shifted many times, being originally the Hawaiian Islands, and subsequently China, Japan, Portugal, Spain, Puerto Rico, and Korea. The present tendency is to depend almost exclusively on the Philippine Islands as the source of supply.

Table 12, secured from the immigration bureau at Honolulu, shows the Filipinos arriving at and departing from Hawaii over a period of years:

TABLE 12.—*Filipinos arriving at and departing from Hawaii, 1922 to 1929*

Fiscal year ending June 30—	Arriving from—		Departing to—	
	Orient	Mainland	Orient	Mainland
1922	8,675	38	2,074	98
1923	6,530	9	925	937
1924	5,915	40	2,694	2,118
1925	10,369	93	2,769	831
1926	4,995	90	2,715	2,888
1927	6,875	78	3,671	2,254
1928	12,572	132	4,008	1,515
1929	9,593	180	4,809	2,374
Total	65,524	660	23,665	13,015

Table 13 shows the Filipinos arriving at and departing from Hawaii by age and sex.

TABLE 13.—*Filipinos arriving at and departing from Hawaii, 1925 to 1929, by age and sex*

Fiscal year ending June 30—	Arriving from—									
	Orient					Mainland				
	Under 16		Over 16		Total	Under 16		Over 16		Total
	Male	Female	Male	Female		Male	Female	Male	Female	
1925	219	105	9,414	631	10,369	4	6	76	7	93
1926	62	10	4,794	129	4,995	3		78	9	90
1927	60	26	6,404	385	6,875		1	75	2	78
1928	81	57	12,254	180	12,572	3	6	117	6	132
1929	76	54	9,320	143	9,593	8	15	135	22	180
Total	498	252	42,186	1,468	44,404	18	28	481	46	573
July 1 to Dec. 31, 1929	35	31	3,218	87	3,371	0	3	98	4	105

Fiscal year ending June 30—	Departing to—									
	Orient					Mainland				
	Under 16		Over 16		Total	Under 16		Over 16		Total
	Male	Female	Male	Female		Male	Female	Male	Female	
1925	190	198	2,122	259	2,769	25	18	751	37	831
1926	139	103	2,208	265	2,715	85	50	2,436	317	2,888
1927	352	309	2,585	425	3,671	68	83	2,023	80	2,254
1928	388	405	2,742	473	4,008	28	35	1,405	47	1,515
1929	351	324	3,787	347	4,809	31	27	2,268	48	2,374
Total	1,420	1,339	13,444	1,769	17,972	237	213	8,883	529	9,862
July 1 to Dec. 31, 1929	169	130	2,130	153	2,582	0	1	621	16	638

There is much discussion and a considerable feeling as to the advisability of the continuance of this immigration. The rapid development of the pineapple industry makes it no longer solely a sugarcane question. Formerly the sugar growers engaged the Filipino on his native heath and paid for his transportation to Hawaii, but this practice has been abandoned. The Hawaiian Sugar Planters' Association now has its agents in the Philippines engaging labor, but these workers must pay their own way to Hawaii. Upon arrival, they are given a contract or agreement that if they will work on the sugar plantations for a period of 3 years, their return expense to the Philippines, should they wish to return, will be paid by the sugar planters' association.

From the plantation managers' point of view, Filipino labor is reasonably satisfactory, although there is not complete unanimity of opinion among such managers. For instance, a manager of a plantation on the island of Hawaii said to his board of directors:

"We were well supplied with labor all through the season and work was kept well in hand. Our Filipinos are a restless lot, changing around from place to place. We trust that the suggested change in the contracts, whereby it is required of them to stay at least 1 year continuously at the place they are assigned to, will work out to the benefit of all concerned."

The following statement from an official of the association is interesting as bearing upon this question:

"With the Filipino labor there is a continuous and from the standpoint of employers undesirable amount of shifting from one plantation to another. Due to the fact that Filipinos have relatives in great numbers and to remote degrees of consanguinity, we find men shifting from one plantation to another, giving as their excuse that they want to be with a cousin, uncle, or brother, or some other connection on a second plantation. In our agreements with the laborer which we make after the arrival of Filipinos in Hawaii, we promise to return them to the Philippines after 3 years' work on plantations, providing they have complied with the terms of the work agreement. These terms require that they must have worked 1 year on one plantation and do not prohibit their moving between plantations. We send back as having completed the contract hundreds and even thousands of men whose work record must be secured from two, three, four, and maybe more plantations during the period of employment here. Within the last year we have caused our work agreement to be slightly changed, requiring the man to work the first year on the plantation to which first assigned, but even then a transfer is permitted, providing the man applies for it and it is approved, so that if he has good reason to move he may do so without forfeiting his rights. If he doesn't desire to apply for the transfer, he may move anyhow, but of course under those conditions he wouldn't have the benefits of his work agreement."

A study of length of service in Hawaii of Filipinos who returned to the Philippines for various reasons during the labor year October 1, 1928, to September 30, 1929, discloses the following:

Of 132 cases of sick men reported to the sugar planters' association as being discharged from hospitals but unable to go back to work, and desirous of returning to their homes in the Philippines, the length of service on sugar plantations averaged 51 months; their average stay on the islands was 65 months, and they had worked on an average of 1.7 different plantations.

Of the contract Filipinos who had fulfilled their contracts, 1,922 desired to be returned during the year. The average sojourn of these men on the islands was 54 months, their average service on sugar plantations was 53½ months, and they had worked on an average of 1.4 plantations. The required service to secure the right to free return is 36 months of 20 days, or 720 days' work on plantations.

The labor conditions in Hawaii are so bad that even the cheap coolie contract labor could not stand it, and they had to change from county to county in order to bring about the labor conditions they wished. Will we be a party to such discrimination against United States laboring men?

So much for Hawaii. I could go on and on and show how they are not fair to labor. That the United States continental laborer is being gouged by this group of scheming monopolistic manipulators of human flesh for their own selfish gains.

How about Puerto Rico? The Puerto Ricans pay no income tax; they are not subject to the Social Security Act; they are exempt, so I am informed, from the provisions of the new wage and hour law. Still we poured $20,000,000 of relief money in those islands. Now they want to wreck the American market and destroy our refining industry, throw thousands of our laboring men on the continent out of work so that they may use their cheap tropical labor in the islands, and then sell their sugar on our market at a high price. I know you representatives of democracy, who want fair play, will not allow this to be done. Vote against the amendment that is to be offered to take subdivisions (a) and (b) of section 207 out of this bill, and give our own continental labor a break.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, this bill has been given very careful thought and consideration, not only by the members of the subcommittee but by the members of the full Committee on Agriculture. The bill as reported to the House is the result of months of careful and thoughtful consideration and after the views of all interested parties were placed before the committee.

This is not a perfect bill. No particular group in the sugar industry is entirely satisfied with it. It is a compromise among the various groups, but it is a bill which the committee feels deals fairly with all the groups.

A good deal has been said about discrimination against Hawaii and Puerto Rico under the terms of this bill. I do not believe those Territories are discriminated against, because they are permitted to import direct-consumption sugar into this country in volume as great as they ever sent into continental United States at any time in the history of the country. They are not having their refining of sugar reduced or curtailed. They are permitted to bring into continental United States as much refined or direct-consumption sugar as they have ever brought in here. They say they are being discriminated against because they are not permitted to increase the importation of direct-consumption sugar into this country.

Mr. Chairman, if that is discrimination, may I say that the beet-sugar industry in this country is being discriminated against far more than is either Hawaii or Puerto Rico. In my own State of Wisconsin there are refineries that have been closed for several years. These refineries have not opened even under the Jones-Costigan law and probably will not be opened on account of the quota system that will be in effect after this bill is enacted into law. Those refineries have the capacity to refine beet sugar, but under the operation of this bill they will be prevented from operating because we limit the supply of beets, and when you limit the supply of beets in a beet area we are to that extent limiting the operation of the beet-sugar refineries. The beet-sugar refineries are all forced to curtail their production. Our refineries cannot import beets from some other country. That is ridiculous because the cost is prohibitive.

Mr. HOPE. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Kansas.

Mr. HOPE. The refineries in the gentleman's district which are closed are, of course, beet-sugar refineries?

Mr. BOILEAU. That is right.

Mr. HOPE. Were they closed as a result of the Jones-Costigan Act or were they closed before that time?

Mr. BOILEAU. I think I made that clear. They were closed before the Jones-Costigan Act went into operation, but they have not opened since and they probably will not open. The reason they will not open is because we reduce the available supply of beets. If there were no quota provisions in effect and if they could produce beets around the beet-sugar refineries, they would be in operation.

Mr. LANZETTA. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from New York.

Mr. LANZETTA. Is it not a fact that the beet areas have never produced the quotas allotted to them under the Jones-Costigan law?

Mr. BOILEAU. I believe that is true because of the fact they were so demoralized a few years ago they just started to build up.

Mr. LANZETTA. They did not produce the quota allotted to them under the Jones-Costigan law.

Mr. BOILEAU. I have just finished answering the gentleman on that question.

Mr. HOPE. Have the factories of which the gentleman speaks made any effort to get a quota under the Jones-Costigan Act?

Mr. BOILEAU. I do not know. I cannot speak with certainty in that regard. I may say, however, if you want to talk about discrimination, that you are telling the beet refineries of this country "You cannot produce beet sugar" because you are limiting the supply. You are saying they cannot produce an abundance of beets. You are restricting the amount of beets that can be produced, and to the same extent you are thereby restricting the amount of sugar that can be refined.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from New York.

Mr. LANZETTA. Is not the gentleman's argument fallacious?

Mr. BOILEAU. The gentleman may think it is.

Mr. LANZETTA. In one breath the gentleman states that the beet areas have been unable to produce their quotas, and in the next breath he says that his State is being restricted in the production of sugar beets under this bill.

Mr. BOILEAU. Oh, I did not say they had been unable to do so.

Mr. LANZETTA. It is a fact that they did not produce their quotas.

Mr. BOILEAU. I say they have been unable to produce their quotas because of the demoralized price of a few years ago. They went down in their production and are just starting to build up. The gentleman should know, if he does not know, that the beet areas in this country are capable of producing a whole lot more sugar than they are producing. My own State has reduced its production tremendously in recent years.

Mr. LANZETTA. I do know that the refineries which the gentleman complains of are not placed under any restriction in this bill. They may operate if they wish to.

Mr. BOILEAU. I am not complaining about any refineries. I am saying that in those areas where you restrict production, by the same law which restricts the production you restrict the amount of sugar which can be refined. This is just like two and two are four; it makes sense. You are restricting production, and I am not saying it is unwise, and I am not complaining of it. I think it is necessary for the stabilization of the industry that we have this bill, but we are restricting the production of beet sugar.

Mr. BUCKLER of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. BUCKLER of Minnesota. A few minutes ago the gentleman made the statement that the beet-sugar manufacturers were not filling their quotas. I have a beet-sugar refiner up in the Red River Valley in my country. A farmer up there cannot get a quota unless some other farmer drops out. We could use two quotas up in our country if we had a chance to sell the beets.

Mr. BOILEAU. Absolutely. There are thousands of acres right around the gentleman's own territory which have not been planted to beets but which could be planted to beets if the growers were given a quota. If we increased the number of beets available, we would thereby be increasing the amount of sugar which could be refined in these refineries. We are restricting the operations of our local refineries not by putting into the law that the refineries are deprived of the right to refine so much sugar but because the effect of the legislation is that we deprive the refineries of the sugar beets. They cannot make beet sugar out of apples or potatoes, they must have sugar beets. When we restrict the production of sugar beets we restrict the production of beet sugar.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Massachusetts.

Mr. HEALEY. May I supplement the statement of the gentleman by saying that in this bill we are also restricting the production of cane sugar in continental United States.

Mr. BOILEAU. Absolutely. It all comes down to this, that the sugar industry as a whole was suffering. Then we passed the Jones-Costigan Act, which worked out so well that they want more of it, they want a better bill, they want this type of legislation. If we are going to help the sugar industry, we must stabilize the entire industry. If we are going to make sugar production profitable in Hawaii and Puerto Rico and all the other producing areas, we should at the same time not try to do all we can to disrupt the existing refining business but should try to stabilize the industry to the point where it was before we put the Jones-Costigan Act

into operation. We should try to stabilize the industry, and we can stabilize it by using the same type of legislation to affect the refining industry as we are putting into effect with reference to production, that is, this bill.

This is a fair proposition. Puerto Rico and Hawaii are getting refined-sugar quotas as large as any amounts that have ever been produced in the history of the islands. Why should they have more at the expense of the industry on the mainland? We are not treating them differently than we are treating other American citizens. We are restricting the operations of all classes of producers of sugar, and we are also by restricting production thereby restricting the operations and the production of the refineries.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from New York.

Mr. LANZETTA. Does not the gentleman think that we should give larger quotas to the beet- and cane-sugar producers of the United States, so as to keep the refineries both in the gentleman's district and other districts in operation?

Mr. BOILEAU. No. I may say that this bill is an attempt to compromise differences of opinion, as I stated in the beginning of my remarks. I believe this bill is about as good a bill as it is humanly possible to draw, considering all the conflicting interests involved. I think every group is given fair consideration, but no group has received as much as it wants. I think this is a good compromise and is a bill we can get behind and support. [Applause.]

[Here the gavel fell.]

Mr. COFFEE of Nebraska. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. WILCOX].

Mr. WILCOX. Mr. Chairman, on a number of occasions I have expressed my opinion concerning various pieces of legislation which have been adopted by the Congress in the past 4 years regulating and restricting production of various commodities in the United States. I may repeat at this time my own personal position and the position of my State, not only with reference to the regulation of the sugar business but all regulatory and restrictive legislation.

My position and the position of my State is that the American market belongs first to the American producer. [Applause.] Our position is that the American farmer, the American manufacturer, and the American producer should be permitted to produce to their full capacity, and then, if the consumption requirements of this country exceed the production ability of the country, the excess should be allocated to other countries which in turn trade with this Nation.

My objection to the present bill, Mr. Chairman, is that it begins the allocation of quotas at the wrong end. Some gentleman during the course of this debate has pointed out that it is necessary to restrict and quota the production of sugar in the United States because of a reciprocal-trade agreement with the Republic of Cuba. I concur in that view as to why this course has been adopted, and I call your attention to the fact that continental United States produces less than one-third of its own consumption requirements of sugar; and yet in this bill American producers are restricted and limited as to the amount of sugar which they may produce, in order that the Republic of Cuba may have some 2,000,000 tons of sugar to ship into this country.

I want to call your attention to an incongruous fact that occurred in my district and in my State about a year and a half ago as the result of the restrictions on the production of sugar. Bearing in mind the fact that this country produces less than one-third of its own requirements, the sugar producers of my State and of my district in 1936 were forced to pour 1,000,000 gallons of molasses into the Everglades and waste it, when the requirements of this country were three times its production capacity.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. In just a moment.

Now, a great deal has been said during the course of this debate about discrimination for and against Hawaii and Puerto Rico. A great deal has been said about the necessity of treating these Territories and possessions as American citizens. So far as my State is concerned, Mr. Chairman, I want to reverse that position. My State asks to be treated as a Territory. If you will give us the same treatment that you have given Hawaii and Puerto Rico, we will be more than pleased. Puerto Rico and Hawaii are both permitted, under this bill, to produce all of the sugar they require for themselves, and then they are given an allotment of sugar that can be shipped into continental United States. On the other hand, my State is restricted to 40 percent of its own consumption. This bill says to the sugar producers of Florida, "You cannot produce the amount of sugar which you yourselves consume, although you have demonstrated the fact that you can produce it both efficiently and profitably. You do not want, you do not need, and you do not ask for a Federal subsidy; you do not need and you do not ask for Federal assistance; nevertheless, you will not be permitted to produce even the amount which you yourselves consume", and, to make sure that we do not, the bill provides upon its face that we not only may not ship in interstate commerce but that we may not market within our own State the sugar that is produced within our own area.

Now, I can understand a program like the A. A. A., where, because of overproduction and consequent decline in price of certain basic commodities, a restriction of production is invoked. But I cannot understand a plan which restricts my State in the production of a necessary element of food when continental United States produces less than one-third of its own requirements of that food element.

I could understand a program which limited unprofitable production in one section of the country, where a subsidy is necessary, so as to permit profitable production in another section where no subsidy is required. Such a program would be in the interest of the consumer. But I fail to see the justice of a plan which limits production and development in that section where the commodity can be produced profitably without a subsidy, just in order that larger quotas may be given to those sections which cannot produce it without a subsidy.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I will be pleased to yield to the gentleman from Missouri.

Mr. SHORT. The able gentleman from Florida has been making a very convincing statement, and I am wondering if the gentleman can inform the Members of the House how much money was spent or doled out in benefits to the sugar growers of his own State under the A. A. A.

Mr. WILCOX. I can answer that question as to one company, and that is exactly the reason we are objecting to any further subsidy of that character. One company in my State was paid a check of $1,260,000 as benefit payments. That company does not want benefit payments, and we do not want benefit payments, but what we want is the privilege of producing sugar. We want the privilege of developing the industry in our State. Now, I want to pursue that further for just a moment——

Mr. SHORT. But it is a fact that the Government paid one corporation in the gentleman's State over $1,000,000 for not producing sugar, when you were allowed to produce only 40 percent of the consumption in the State of Florida and when the growers poured over 1,000,000 gallons of molasses into the swamps?

Mr. WILCOX. The gentleman is correct about that.

Mr. SHORT. A very wise policy. [Laughter.]

Mr. WILCOX. Let me call your attention to this fact, Mr. Chairman. Some years ago the Federal Government conveyed to the State of Florida some 5,000,000 acres of what is called the Everglades, a swampy and overflowed section of our State. It was regarded as worthless and of no value for agricultural purposes. Soon after it was conveyed, however, it was discovered that this soil is the most fertile on the face of the globe. Not even the valley of the Nile can compare with it in fertility. It was necessary, however,

that it be drained, that it be irrigated, and be made available for cultivation. Federal, State, local, and private funds to the extent of more than $100,000,000 have been spent in bringing this great area into production. Recently tests were carried on in that area to determine its availability for the production of sugar. It was discovered that by a peculiar and particular combination of the right amount of sunshine, the right amount of rainfall, and the right contents in the soil, it is the best adapted area on the North American Continent for the production of sugarcane.

I am told that the average production of sugar throughout the United States is about 3,600 pounds per acre. In the Everglades area, one breed of sugarcane has been developed which, in a limited area, has produced as much as 9 tons to the acre; and this is true not only as to productivity but I would call your attention to the fact that sugarcane planted in the Everglades area has been known to grow as many as eight crops from one planting. So that the industry is both efficient and profitable.

I do not believe that this Government has any constitutional, legal, or moral right to say to the citizens of one of the sovereign States of this Union that they shall not engage in a perfectly legitimate business so long as they are willing to do so without Government assistance. I do not believe that the Federal Government has any constitutional, legal, or moral right to prohibit the production of a necessary food product, particularly when the entire industry of the whole country produces less than one-third of the amount of that food element which it consumes.

Now, a great deal also has been said about wage conditions in the various sections of the country. I call attention to the fact that those who are engaged in the sugar business in my State pay probably the highest common-labor rates of any commercial section in the United States. The common Negro laborer working in the cane fields in my State is furnished a home in which to live, and a nice home it is. He is given free electric light, free plumbing, free water, free fuel, free medical service. He is permitted to buy his supplies and groceries at wholesale rates. When a member of his family becomes sick, he is given free hospitalization. His children are given free schools and free school books and free transportation to school, and in addition to that he is paid a minimum of $2.70 a day. That is the minimum wage. It fluctuates from $2.70 at the bottom to $11.50 per day for the higher paid and more skilled laborers in the sugar mills. Those are the conditions in my district. We want the power, we want the right, we want the privilege of developing that industry in that great State.

We have no quarrel with the beet-sugar producers of the West nor with the cane-sugar producers of Louisiana, Puerto Rico, Hawaii, or the Philippines. We are not trying to cut down their production nor take away the benefit payments they seek. We are not trying to hamper or restrict the growth or development of the sugar business anywhere else in either continental United States or its Territories. But we think it is unfair to tie us up with Louisiana and restrict our development. All we ask—all we seek, all we want—is to be let alone. Take off the restrictions, and the sugar industry in Florida will take care of itself.

Florida's position on the sugar legislation is the same as Florida's position on all other regulatory legislation. We believe that the American market belongs first to the American producer. The American market should be preserved for the American producer, and he should be protected in supplying that market as far as his capacity extends. If there is a surplus demand in America beyond the capacity of American producers to supply, then the surplus can be and should be allotted to those countries and those nations which in turn purchase American goods. But I submit in all fairness and in all justice to all parties concerned that to limit and restrict American production of an essential food product in an area where it can be efficiently and profitably produced is unreasonable, unfair, inequitable, and un-American. [Applause.]

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. HOOK. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, we have heard a good deal said this afternoon to the effect that Hawaii and Puerto Rico have been discriminated against and virtually treated as stepchildren of the United States. My observation and experience lead me to exactly the opposite conclusion, and to bear that out I call attention to some legislation dealing with these island possessions with which I have been closely connected. Every river and harbor bill enacted within the last 20 years has been through a committee of which I have been a member and in which I have taken quite an active part. We now have on the island of Hawaii six major ports, every one of them with a depth of 35 feet. We have expended upon those ports $11,511,000. The tonnage of Hawaii in 1935 was 3,222,000 tons. By far the major portion of that was sugar, coming into this country in competition with sugar produced in the United States. We have very few ports of the depth of 35 feet in this country. We have only two that exceed it, and they are New York and Hampton Roads. In the State in which I live, which handled last year 80 million tons of high-class freight with a valuation of more than 1 billion dollars, we have not a port on the shores of Texas 35 feet deep. The deepest port in Texas was 32 feet up to the beginning of last year. Is that discrimination?

Take Puerto Rico and the Virgin Islands. Some 3 or 4 years ago at the request of the Governor of the Virgin Islands I introduced a bill extending our river and harbor laws to those islands. They have quite a small tonnage, and by far the largest commodity handled in the Virgin Islands is coal for fueling merchant ships. They ship a little rum and a little sugar, but not a great deal.

In Puerto Rico we have expended large sums of money. I have visited and inspected all of the harbors of that island. I am a friend of Puerto Rico. I have been in favor of giving them everything they have ever asked for, and I can assure you that they have asked for everything that their trade warranted. We have created a number of ports over there, notably San Juan, and Ponce, Mayaguez, and Arecibo, and we have been requiring the local contribution there that we have been requiring of my State of Texas.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HOOK. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. MANSFIELD. Take Ponce harbor in Puerto Rico which is the second largest town and port in Puerto Rico. We put through a bill in 1930 requiring Ponce to contribute $508,000 as a local contribution on that port. In the last river and harbor bill we remitted that and actually refunded to that port $158,000 which they had expended under that former act of Congress. I do not know of any such instance where we have done that in continental United States. Down at Lake Charles, La., within 22 miles of my State, the people have issued bonds to the extent of about $3,000,000 and actually dredged a 30-foot channel which they have been maintaining for about 20 years or perhaps longer, all at their own expense, and they handled more than 6,000,000 tons of freight last year. If there has been any discrimination, Mr. Chairman, it has been in favor of the island possessions, and against continental United States, and I believe this is true as to sugar and practically everything else. They certainly get the benefit of the tariff on sugar the same as our home producers.

Mr. HOOK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. MAVERICK].

HAWAII AND PUERTO RICO INTEGRAL PARTS OF THE UNITED STATES OF AMERICA

Mr. MAVERICK. Mr. Chairman, I have heard a great deal this afternoon about the American farmer and the American producer. The truth of the matter is that, according to the Constitution of the United States, the man who produces

sugar in Hawaii and Puerto Rico is an American producer, because those islands are each an integral part of the United States of America.

Hawaii and Puerto Rico, my friends—and we all agree to this—are under the Constitution of the United States. Their position is precisely that of the State of Texas. The State of Texas was annexed by the United States of America and became a part of the Nation; so were Puerto Rico and Hawaii.

What does this bill do in reference to section 207 (a) and (b)? It sets up a trade barrier against certain portions of the United States of America—Hawaii and Puerto Rico. The distinguished and lovable gentleman from Texas talks about the ports that we built in Hawaii for the benefit of Hawaii. Why is there any difference in one part of the United States of America when it is separated by water and when it is separated by land?

Mr. KENNEY. Will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. KENNEY. Is it not because they have there the same standards of labor that they have in China and Japan?

Mr. MAVERICK. I respectfully submit to my friend that is not the point. The answer to the gentleman is that that has not anything to do with the Constitution whatever. However, I will answer that the standards of agricultural common labor in Hawaii are as high as they are in Colorado and certain other portions of the continent of the United States——

Mr. CUMMINGS. Oh, hold on. [Laughter.]

Mr. MAVERICK. In a moment I will read it out of this book. It is called the Interdepartmental Rio Grande Committee. It is from six departments of the United States Government.

But let me finish my statement about the Constitution. When we do this—irrespective of labor standards, whether low or high—we are treating the island of Hawaii, which is a part of the United States, like a colony. Our high-court decisions are unanimous that we have no colonies.

Yes, Mr. Chairman, we are denying that portion of the United States the equal protection of the laws and are actually discriminating against them. Now, suppose we would pass a law making a quota against the State of Texas on the subject of oil, sugar, cattle, or anything else. Suppose we put a separate quota against the State of Michigan. We know every man would get up and say that is unconstitutional and would vote against it.

But, getting down to the practical situation, I heard the gentleman from Michigan [Mr. CRAWFORD] and the gentleman from Texas [Mr. KLEBERG] discuss the matter of a veto by the President of the United States if the discriminatory provisions against Hawaii and Puerto Rico are not removed. I do not know whether there is going to be a veto or not; but I did ask the gentleman from Colorado [Mr. CUMMINGS] if these two special-quota sections, which many regard as unfair and unconstitutional, were stricken from the bill, would it still be a good bill, and the gentleman said it would destroy the processors of sugar, but it would still benefit the sugar people of the United States.

Mr. CUMMINGS. I said the beet people of the United States.

Mr. MAVERICK. I accept the correction from my friend from Colorado. But I maintain it will still be a good bill, even to interested parties a fairly good bill, if those sections are stricken out. But, gentlemen, if this bill is vetoed, as I have heard it said by Members today on this floor, and we leave here and do not have any bill at all, it would certainly be safer and better that we would amend these certain portions of the bill.

AGRICULTURE, INTERIOR, STATE, ALL OPPOSE BILL—FOR GOOD REASONS

Besides this, we all know that three members of the Cabinet oppose those portions of the bill which set up the special quotas against Hawaii and Puerto Rico. They are the Secretaries of Agriculture, State, and Interior.

A committee of the Department of the Interior says the restrictions are like—

> The colonialism against which the Colonies rebelled when they declared their independence.

And—

> The essence of Old World colonialism * * * was the right of the mother country to exploit those colonies, to consider their citizens as occupying a secondary and inferior status, and to place economic obstacles in their path in favor of commercial interests in the mother country.

The Interior Department also states that the bill—

> Establishes discriminations against parts of America inhabited by American citizens, in favor of a few mainland companies already highly privileged by this legislation.

VETO—NO LEGISLATION. IS THE PRESIDENT RIGHT?

In addition to this, as I have said, it is currently reported in the press, and has been so stated on this floor, that the President will veto the bill in its present form. Some have expressed some dissatisfaction with this.

But let us analyze the situation. Are these three members of the Cabinet and the President right or not? Are the expressions of the members of the committee factually correct? Is it true, as one says, that we rebelled against England for the same kind of restrictions? Is it true that discriminations are established against a part of America inhabited by American citizens?

It seems to me the answer is yes; that the statements are true. And if so, is it not reasonable that the President veto the bill? I do not say any Member of Congress should change his vote because of a possible veto. I have voted to override the veto of the President myself. But if the President and three members of the Cabinet are right, why should we not consider their views?

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. HOOK. Would the gentleman be willing to stay here until we could either override the President's veto or vote on the veto?

Mr. MAVERICK. I am one of those who is willing to stay here the rest of the year on any subject.

Mr. HOOK. I hope the gentleman does that in case that happens.

Mr. MAVERICK. I will be glad to do it, and stay right here with the gentleman to get all our job done.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. BOILEAU. The gentleman said if we put a quota on Michigan everyone would be "hollering" about it being unconstitutional.

Mr. MAVERICK. Yes.

Mr. BOILEAU. Is that not exactly what we are doing in this bill?

Mr. MAVERICK. Not as to refined sugar. We are not saying that the State of Michigan or the State of Texas have different quotas as to refined sugar as against other parts of the Nation. We are applying this bill in general to the United States of America, but are setting up a separate quota in reference to refined sugar, only doing so in reference to Hawaii and Puerto Rico.

Mr. MANSFIELD. Do we not have a quota on Texas oil?

Mr. MAVERICK. Yes; but it is on an entirely different theory of government. That is under the "hot oil" bill, where Texas and all States either make quotas on oil or do not—but Federal laws prohibit them from shipping "hot" oil, or oil illegally produced within a State, by virtue of the laws of that State. I submit to my distinguished friend and able colleague from Texas that that is different.

HAWAII AND PUERTO RICO COMPONENT PARTS OF THE UNITED STATES

Mr. MAVERICK. But let me proceed to sum up in reference to the position of Hawaii and Puerto Rico from a constitutional viewpoint. They are unquestionably and admittedly component parts of the United States of America.

I have made three points: First, that the quotas of refined sugar set up trade barriers, as against another part of the country, and which we cannot do within the United States of America; second, to do so is to relegate these parts of the United States to the rank of colonies and put a discriminat-

ing tax, burden, duty, or tariff upon them; third, to deny them the equal protection of the laws.

All of this certainly is in violation of the Constitution of the United States.

AMOUNT PAID LABOR IS NOT RELEVANT TO QUESTION

And as to labor, which I will now discuss. I do not believe that the matter of how much labor is paid in the continental United States of America, or in Hawaii or Puerto Rico, is relevant because this is all one Nation. Each section of our country claims that wages are either lower or higher than somewhere else, and the wage structure does not mean that a certain section of the country cannot sell its products. If the wage structure is to be considered, it should, of course, be considered upon an equal basis. All should get the equal protection of the laws or have the imposition of equal restrictions.

In the same way quotas should be equally applicable. A separate, distinct, discriminatory quota is set up against Hawaii and Puerto Rico in reference to refined sugar which is not imposed upon continental United States. This discrimination is upon Puerto Rican and Hawaiian business and industry. That Hawaii has residents who are Chinese or Japanese laborers does not affect the constitutional question nor make the discrimination just.

Much has been said about the American standard of living and in indirect praise of the sugar refiners. So let us discuss them, and then the labor situation. Their business has been a long trail of slime, and they have a reputation much worse than almost any industry in the United States of America.

At the present time the average wage of the worker in the sugar refinery is about $1,005. What this law does is to make a subsidy on a basis of workers of something like $1,600 each per worker. Of course, the workers do not get this subsidy themselves.

Reference has been made to the fact that a small group of people own everything in Hawaii—but in this country one refinery owns 26 percent of the stock of the Michigan Beet Sugar Co. and 50 percent of the Spreckels Sugar Co. One sugar company produces about 45 percent of the sugar in the Colorado, Wyoming, and Montana area. This particular company has had as high as 47 percent dividends in 1 year, and on a basis of its original investment over the past 20 years, 50 percent returns per year. In this general locality, land tenancy back a few years ago was fifty-odd percent, and it has now risen to 72 to 75 percent. No, gentlemen; the farmers are not independent and the agricultural workers are not of the high-earning capacity.

INTERDEPARTMENTAL REPORT ON SUGAR INDUSTRY

Where do I get this information? I get it from the Interdepartmental Rio Grande Committee, composed of the Bureau of Indian Affairs, Division of Grazing, General Land Office, Resettlement Administration, Soil Conservation Service, and Forest Service, which means, of course, that in addition the Department of Interior and Department of Agriculture, of which some of these bureaus are a part.

What else does this report show?

It shows that the average earnings per family—some of them extremely large families in certain portions of Colorado—amount to something like $289. Mind you, this is per family, and not for an individual.

The report also says in that connection:

The need for supplementation of beet-field earnings is made clear by these figures—

And continues that because of the lower earning capacity of the Spanish-American and Mexican wage earners that—

consequently, for many of the beet wokers, relief has been the only resort during the winter.

This report also shows that labor agents are sent to parts of New Mexico, Texas, and even Mexico to obtain laborers. In the report advertisements are shown indicating the cheapest type of labor is obtained to be shipped into Colorado, Nebraska, Wyoming, and Montana.

HAWAII STILL PART OF UNITED STATES, THOUGH SEPARATED BY WATER

Now, I repeat, Mr. Chairman, Hawaii and Puerto Rico are parts of the United States of America. I repeat that if someone should suggest a special or additional quota against Texas, Michigan, or any other State, that we would unanimously agree that was unconstitutional. That there is water instead of land between here and Hawaii and Puerto Rico does not make those parts of the United States less a part than Texas and Massachusetts, although these latter are separated by land instead of water.

Also I appeal to the gentlemen to look with some sympathy on the amendment to be offered by the gentleman from Texas [Mr. JONES], chairman of the Agriculture Committee. The bill will still be an excellent bill for the sugar farmers and workers of the United States of America. It will be fair to the sugar companies and sugar refineries, too. In other words, I believe that we can agree that certainly the bill will not be destroyed by the elimination of the special requirements and restrictions now imposed upon Puerto Rico and Hawaii.

I hope that we will pass the bill, but will eliminate unreasonable discrimination against Hawaii and Puerto Rico.

Mr. HOOK. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Florida.

The CHAIRMAN. The gentleman is recognized for 8 minutes.

Mr. PETERSON of Florida. Mr. Chairman, at the outset I want to compliment the committee and its members on their patience and hard work. They have had all types of problems. The question of beet-sugar quotas, cane-sugar quotas, offshore quotas, and then the question of refiners and the question of Florida and Louisiana in their disputes with reference to their particular quotas. They have worked hard and they have been courteous in the hearings. They have had a large undertaking.

I take this opportunity to commend the chairman of the committee, our colleague the gentleman from Texas [Mr. JONES], and the chairman of the subcommittee, our colleague the gentleman from Colorado [Mr. CUMMINGS], for the untiring effort they have devoted to this particular bill. [Applause.]

I want at this time to bring to the committee our peculiar problem in Florida. Florida cannot get justice upon a historical basis or a quota based upon that, so I am not finding fault with the committee, but I am voicing fear of the way we may be treated by the Department of Agriculture. For a long period of time, as my colleague the gentleman from Florida [Mr. WILCOX] told you, the Everglades of Florida were not productive. By reason, however, of funds expended by local interests and the Federal Government, it is now known to be one of the most productive areas in the world. We can produce cane as cheaply as many of the offshore areas. We can produce it as cheaply as it is produced in Puerto Rico, we can produce it as cheaply as Hawaii produces it, and nearly as cheaply as Cuba. At the same time, however, we pay a better wage, a minimum wage of around $2.70 a day, plus housing and other benefits. This great producing area has rapidly come to the front in the last few years and could produce a great portion of our sugar needs if allowed to.

We are merely asking—and at the proper time an amendment will be proposed—we are merely asking that we be allowed to sweeten our own coffee, so to speak. The quota allotted to us is only about 40 percent of the consumption of the State of Florida. It seems only fair that we should be allowed to expand. I am opposed in principle, of course, to quotas in continental United States. I think that we should be allowed to produce at least as much as we can consume in this country. Let us at least feed our own people.

I realize in the case of Cuba that the reason concessions were made under the reciprocal-trade agreement was because it was hoped that they in turn might trade with us. Let me call to the attention of the committee, however, the fact that Florida trades with a great portion of the United

States, that a great number of the things we use in Florida are shipped in there from other sections of the United States. I have assembled a few figures which may be of interest to you as showing that we are entitled to consideration, figures which show that we spend more money in a single year in other sections of the United States than some foreign countries.

In 1935 Florida consumed in foods not produced in Florida, canned goods, poultry products, confectioneries, meats, grain, and apples and bananas to the value of $97,391,000. She used general merchandise manufactured elsewhere and shipped to Florida worth $45,323,000. Men's and women's apparel, ready-to-wear clothing, shoes, furs, yard goods and cloth cost Floridians another $29,178,000. Its automobiles flattened Florida's purses to the extent of $69,818,000, and the gasolines and oils to run them another $35,549,000.

Household supplies and furniture took $22,522,000 out of Florida for that year. Building supplies, hardware, farm implements, paints, glass, electrical appliances, radios, and heating and plumbing fixtures $19,188,000 flying to the four winds, while Coca Cola, delicacies, drugs, medicines, prescriptions, books, bicycles, beer, liquors, tobaccos, sporting goods, jewelry, and luggage, none of which is made or processed in the State of Florida, cost the people of Florida a sum of $72,431,000.

All in all, people other than residents of Florida were enriched in this one year to the tune of $391,282,000. We are pretty good customers. How about a little good-neighbor policy for our peninsula?

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. PETERSON of Florida. I yield.

Mr. SHORT. And when we spend the money for domestic products we have both the products and the money.

Mr. PETERSON of Florida. That is right. I may say that there is a great sugar-producing company in my State. In turn, people from Michigan, New York, and many other States of the Union are interested in this company. This company employs labor in my district; and in the section of the county where this plant is located there were only 12 people on relief rolls at one time.

I am asking that the Congress give us a chance to raise the cane and produce the sugar that we use ourselves, a chance to let us employ American labor at decent living wages. We talk about American standards of living and make comparison with offshore areas, but we are forced to admit in our hearts that laborers in the offshore areas do not live under the same conditions that our laborers do, nor do they receive the same wages that ours receive.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. PETERSON of Florida. I yield.

Mr. SHORT. I understand that more than 16,000 workers are employed in these sugar refineries in the continental United States and that 85 percent of them are organized.

Mr. PETERSON of Florida. I do not have the percentages as to organized labor.

Mr. SHORT. And some 26,000 more men and women are employed in auxiliary businesses that cooperate with the sugar producers.

Mr. PETERSON of Florida. That is correct.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. PETERSON of Florida. I yield.

Mr. WOODRUFF. The gentleman referred to the fact his State was not permitted to raise the sugar it consumed. I may say, and I regret the conditions are such I can say it, there are not more than one or two sugar-producing States in the Union that are permitted to grow the amount of sugar consumed, which is a very unfortunate situation.

Mr. PETERSON of Florida. It ought to be corrected.

Mr. WOODRUFF. It should be the business of Congress to develop that American industry to the point where we can raise a very substantial amount more than we do raise.

Mr. PETERSON of Florida. The gentleman is correct.

Mr. Chairman, I may say it would be interesting to show the comparative cost of production. The average cost is Hawaii 3.005, the Philippines 2.466, Cuba 1.857, and Florida 2.556.

The question may be asked, Why can we not go on the historic basis? As I told you before, we started planting down there. The land had been drained, the dikes built, the company organized, but it ran into financial difficulty. It was reorganized, then the quota system came along. Over 5,000 acres had to be plowed under, more than $1,250,000 was paid not to produce. Our people do not want benefit payments. They want the right to plant, to market. The American market belongs to the American farmer, the American laborer, and the American manufacturer. Give us a chance. We will develop a great industry. We will be a safeguard against a lack of sugar in time of war. We are the greatest consumer of sugar per capita in time of war. The Federal Government by assisting in flood control has enabled the cultivation of land more fertile than the Valley of the Nile. American initiative has developed a cane that will withstand cane borer and mosaic disease. Shall all this be for nought? It shall not be. It must not be. Give Florida the right to sweeten its own coffee. [Applause.]

Mr. HOOK. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr KENNEY].

Mr. KENNEY. Mr. Chairman, this is a bill that is desired by the various States and Territories and offshore areas, and, so far as I can see, there is no discrimination whatever in it. It is just a fair bill, fair to all concerned, and, if there is any discrimination, that discrimination is against the States of the United States.

The consumer will benefit, the producers will benefit, and the refining industry will reap benefit.

When the committee undertook to hand out quotas it gave Cuba more than it was entitled to, a reason being that Cuba had built up its capacity and, in order to stabilize the Cuban condition, a generous quota was given to it, far more generous than should be allowed, but our generosity will make for stabilization there. Besides, this liberal quota allotted Cuba gave our approval, which should not be given, to the policy of American capital going down into Cuba, the island possessions, and abroad into foreign countries and there establishing manufacturing plants to take advantage of cheap and low-cost labor at the expense of the labor of the United States. So, the Philippines got better treatment than they deserve. Puerto Rico got all it was entitled to, and so did Hawaii. They got everything any just men could give them. Hawaii got a quota of raw sugar of which it does not complain, and under the bill will have the right to refine and send to the States all the sugar that it can now refine, this bill permitting them to send here all the refined sugar it now has the capacity to produce. Puerto Rico raises no objection to its raw-sugar quota, and has the right to refine 126,033 short tons of its 798,000 short-ton quota. There is in the bill no discrimination against Hawaii and there is no discrimination against Puerto Rico. If Hawaii and Puerto Rico want to refine sugar in the States of this Union they may do so. They can build their factories here and pay the same wages that our refineries have to pay for labor. There is no discrimination in that respect. They can refine in any State without limitation. They have only to adopt the same standards, but they do not have the same standards, and cannot justly complain. I might favor the refining of sugar in Hawaii and Puerto Rico if by doing so a fair competition would result. But that would be impossible. There could be only one effect—to kill off the refining industry in the States, with the loss of employment to their citizens. We do not have the world market for refined sugar because of our high cost of production. We cannot lower our standards to meet the cheap labor of the Tropics. We cannot let Puerto Rico or Hawaii any more than anyone else lower our standards of living or put us residing in the States out of business.

If there is any discrimination in this bill it operates against the States and not in their favor. There is discrimination against Florida and Louisiana. There is discrimination

against the refining industry; but whatever discrimination there is tends to stabilize the whole industry.

Perhaps the refining industry of the States has suffered most from the discrimination. The refineries of the States have been operating at 60 percent of capacity and have even now been reduced to 55 percent of capacity. Why did we allow Hawaii to refine to the extent of 100 percent of its capacity and leave the refineries of the States to 55 to 60 percent of capacity? Certainly the committee did not intend to, nor did it, discriminate against Hawaii in making such provision.

If the Jones amendment, which permits refining of the entire quota of Hawaii and Puerto Rico, is adopted you are going to drag down the labor standards of this country and in a short space of time transfer the refining industry of the country to Puerto Rico and Hawaii. What is happening in these islands today? Our manufacturers are making dresses and sending them to Puerto Rico to be embroidered there at a cost of 10 cents a day for labor. Who suffers? Our labor here. Gloves, white and black and all kinds, are sent down to Puerto Rico and over to Hawaii to be sewed and embroidered at low labor cost and then brought back into this country to compete with the product of manufacturers who pay the higher wages for labor in the United States. Shall we allow the islands to destroy our standards of living? Shall they take away our living entirely? Shall we surrender our refineries and injure other industries that furnish the supplies necessary for the manufacturing of the refiners?

Our refineries buy cotton bags. The gentleman from Texas [Mr. MAVERICK] would have his State deprived of that benefit. Cuba, Hawaii, and the rest of them buy jute bags from Japan at half the cost. Our refineries burn coal from Pennsylvania and other States, and oil, which comes from the State of Texas. The islands have no need for coal and oil for heating purposes. They buy little coal or oil and would not buy very much more, if any, if given the right of unlimited production of refined sugar.

Mr. Chairman, there are involved not only 1,200 men who are engaged in the sugar-refining business in my district but the thousands of others in the industry over the country and not only the men and women in the sugar business but the men and women who make paper boxes and paper cartons, not jute boxes or jute cartons and paper not Japanese jute bags; also, the truckmen and railroad men who handle and transport our sugar.

If you pass the Jones amendment it will mean the beginning of the end of the refining industry of this country. Without the amendment we will get from Cuba 375,000 short tons of refined sugar and from Puerto Rico and Hawaii we will get over 150,000 short tons of refined sugar. If the amendment is agreed to we will get from Puerto Rico and Hawaii something like 1,700,000 or 1,800,000 short tons of refined sugar, which will wreck our refining industry.

I stand here as the defender of my people who labor. I want them to succeed. I do not want to have to repeat the W. P. A. and be forced to other measures like the wage and hour bill that is about to come up for consideration. These 1,200 constituents of mine, to whom I referred, are on strike right now, wanting more money, and a fair wage has been paid up home in the refinery. Something like $5 a day minimum. But due to the increase in prices my people want more money, and I think they are justified in asking for it. If you pass the bill as it is they will get a raise. I have been in contact with the men and their employer and the Labor Department in their interest. If the Jones amendment is agreed to the refinery up there will not be able to meet the increase for the men as I would like and is justified, and there will be 1,200 men up in my district without jobs. There will be allied industries that will be hurt in the same proportion. Gradually you will find the sugar refining industry, which has been in the States for over 200 years, especially that part of it located along the eastern seaboard, totally destroyed.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the Delegate from Hawaii [Mr. KING].

Mr. KING. Mr. Chairman, first let me express my appreciation to the ranking minority Member for giving me this time. I may say, in apologizing to the other Members who have been restricted to a shorter time, that after all Hawaii's proportion of the industry is about one-sixth or one-seventh of the total, while each of you individually may represent a much smaller proportion than that. I want to express my very great appreciation to the chairman of the House Committee on Agriculture for the consideration he has given me in committee. This matter has been fought out very thoroughly and the committee has reported a bill that does not concede the point for which I contended. However, I believe there is no impropriety in informing the members of this committee that there was a substantial vote in the committee in favor of the amendment I proposed, to remove subsections (a) and (b) of section 207, the restrictive sections against the refining of sugar in Hawaii and Puerto Rico.

I have already outlined as briefly as possible and with a minimum of repetition the general principles for which I have contended with reference to this bill, in its application to Hawaii. The elimination of one subsection will remove the basis of my objection to the bill as it is now offered for the consideration of this body. I understand there will be an opportunity to vote for or against the provision that as at present written places a legislative ban upon the industrial development of parts of the United States in favor of an existing monopoly in that particular process. We are, in effect, told that we can produce the raw materials of our major industry but must not complete the job and produce the finished article in its marketable form.

Now, the justification for this restriction rests on a few well-worn arguments. At the time of the first passage of the present law, we were producing refined sugar in the amount prescribed in the bill—about 30,000 tons—being about 3 percent of the total quota allotted us. In other words, the situation as it existed at the depth of the depression was frozen as emergency legislation, and has now become a precedent for permanent legislation. Had no emergency legislation been passed, whatever else might have happened to our sugar industry, we might now be processing a much larger portion of our total production. I grant freely that the emergency legislation was of great benefit to the sugar industry as a whole, which includes Hawaii's share of it. But I wish to call attention to the fact that the restriction on refined sugar placed in the original bill was not a part of the President's program for the salvation of the American sugar industry, but was an industrial anomaly in an agricultural measure. May I also note that this little joker in the bill to stabilize primarily prices to the original producers of sugar, beets, or cane, froze Hawaii at 3 percent, Puerto Rico at 15 percent, Philippine Islands at 8 percent, and Cuba at 22 percent. In other words, the freezing bore heaviest on an incorporated taxpaying Territory of the United States.

A second argument is that treating Hawaii as you would any other part of the United States will displace a certain number of American working men; that the refining industry on the Atlantic seaboard is functioning at less than its full capacity and a further reduction in the source of supply will require further reduction in the number of its employees or the number of hours they shall work. As to this I want to call attention to a statement made by an official of the Department of Agriculture that the refining of sugar is a highly mechanized process employing a comparatively small number of people in proportion to the total value involved. Another point to remember is that Hawaii has only recently sold a portion of its raw sugar to the refineries located on the Atlantic seaboard. No such sugar was sold prior to 1929 and since then a total of approximately 300,000 tons annually has been distributed over 14 refineries. I have here a table showing the amount of Hawaiian sugars which the eastern refineries have processed for the American market from the years 1922–36,

segregated as to ports of delivery. No eastern refinery worker ever learned his trade nor was any eastern refinery ever built because of Hawaiian sugar.

Shipments of raw sugar produced in Hawaii to eastern and Gulf refiners during the 15-year period, 1922 to 1936, inclusive

Year	Ports and approximate tonnage				
	Boston	Port of New York	Philadelphia	Baltimore	New Orleans
1922	None	None	None	None	None
1923	None	None	None	None	None
1924	None	None	None	None	None
1925	None	None	None	None	None
1926	None	None	None	None	None
1927	None	None	None	None	None
1928	None	None	None	None	None
1929	None	26,653	10,853	7,059	17,268
1930	None	28,906	20,525	30,978	12,146
1931	None	66,440	45,410	6,233	48,655
1932	34,818	138,625	81,878	26,412	69,177
1933	25,026	132,218	71,881	9,997	30,546
1934	29,399	137,921	81,017	8,808	61,907
1935	29,540	101,435	37,848	72,779	35,914
1936	29,801	129,200	61,441	59,047	33,705
Average for 15-year period	9,906	50,760	27,390	14,754	20,621
Average for 5-year period, 1932-36	29,717	127,880	66,813	35,409	46,250

The trade of the eastern refineries was with the Cuban raw-sugar producers, and the gradual restriction of the Cuban raw-sugar importations and the displacement of this sugar by beet sugar and by sugars from other sources, but not from Hawaii, have been the occasion of the gradual reduction in the maximum functioning of the east coast refineries.

It is now proposed to secure them in their employment by continuing a marketing practice of recent origin and of comparatively small volume. It should also be noted that the processing of Hawaiian sugar in Hawaii would give employment, perhaps, in equal numbers to other American citizens and that the handling of the Hawaiian product delivered to marketing ports will continue to employ many thousands. I have read a resolution adopted by a labor council in the Northwest, urging the removal of this restriction because it means to the American workers of that area an increase in employment. It is difficult to justify an economic trade barrier even to obtain for workers security in their employment. I have every sympathy with the concern over the situation shown by the workers employed by the Atlantic refineries, but I ask them if it is fair to deny to any part of the United States its right to develop because of the dislocation of employment in some other section. Did the Amoskeag Mills of New Hampshire try to keep their thousands employed by denying employment to fellow Americans in another part of the United States? In this particular case, the maximum who may lose their work because of Hawaii would be approximately 350 persons scattered in 14 or 15 different localities. Surely the refiners could find means to overcome this small displacement. I have here a statement from the Department of Interior which shows that the refiners have, under the protection of the Jones-Costigan bill, increased the amount of sugar they are processing by over 386,000 tons, an increase greatly in excess of the amount of Hawaiian sugars they handle. They have received substantial benefits under the existing law, none of which will be taken away from them by the removal of the restrictions against Hawaii processing its own agricultural commodities.

Curiously, this bill in its present form, while prohibiting Hawaii from refining its own sugar, does not—and I can hardly conceive how it possibly could—require Hawaii to sell its sugar to the Atlantic refineries. In other words, the proposed effort to maintain an industrial monopoly is ineffective, since Hawaii could refine all of its sugar in San Francisco, where our industry now owns a cooperative refinery and where it now processes about two-thirds of its quota, and where it will continue to process the greater amount of its quota. So that the displacement of labor which is made a great argument in favor of restricting Hawaii from refining sugar may even take place under this ban insofar as the Atlantic seaboard is concerned. One of the statements issued by the American Cane Sugar Refining Association admits this, but states that they are satisfied, provided Hawaii is forced to process its crop on the mainland, and that the association will be perfectly satisfied if we do refine all of our sugar in our own cooperative refinery in Crockett, even at their expense, provided we are barred from doing so in Hawaii. Their championship of their employees does not seem very real by this statement.

Mr. Chairman, one of the other arguments which is advanced against Hawaii is with reference to labor. Those who have been to Hawaii know that there is no basis for the criticism and the statements which have been made against Hawaii on the question of labor. We supply to the people in the Territory of Hawaii who are employed in the sugar industry year-round employment. When I say "we" I speak as a citizen of Hawaii, for, as a matter of fact, I am not directly interested in the sugar industry and own neither stock nor land in connection with it, nor do I have any direct revenue from that industry. There is no seasonal layoff. Their rates of pay are based on the fact they may work every working day in the year. We pay them on a basis sometimes of piecework, sometimes of cultivation contracts, and sometimes a straight day wage. The average of the field labor runs around $10.92 a week, plus perquisites, which the Department of Labor has evaluated as being worth $28 a month.

The Department of Labor in 1929 made a survey of labor conditions in the Territory of Hawaii. I have had this book quoted against me, but when you read the book and verify the statements that are quoted you find that they have been distorted or taken away from the text to give a different version of the facts. This book states that the average full-time earnings per week were $10.92, and there is a little note in connection with that figure which states that this is "per day for adults at basic rates and with bonus, but not including perquisites—rental value of houses, value of fuel, water, medical and hospital service for sickness or accidental injury of any kind—furnished to employees by plantations without any charge to employees. The value was estimated at $28 per month, or $1 per day."

This is the average of the agricultural field labor.

On the other hand, the skilled labor and the artisan labor that might be employed in a refinery, if one were erected, would get the scale of wages as listed on page 31 of the report:

Machinists (a day)	$6–$6.25
Blacksmiths (a day)	4.50
$185 a month being the average monthly salary of these classes.	
Welders (a day)	$10
Carpenters (a day)	$2.50– 4
Locomotive engineers	110–125
Nurses	125–135
Steam-plow engineers	75
Sugarboiler	200
Policeman	140
Timekeepers	175
Electricians	175–270
Chemist	200
Head chemist	200
Pump engineer and electrician	600
Head carpenter	400
Assistant carpenter	190

All of this being in addition to the perquisites of a home and all of this comprising year-round employment.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. KING. For a question; yes.

Mr. HEALEY. Does the gentleman contend that skilled labor is employed in a refinery?

Mr. KING. I, frankly, do not know enough about the personnel employed in a refinery to answer, but I am giving you the scale of wages and, certainly, the type of labor that would be employed in a refinery would not be the agricultural labor that gets a lower scale of wages.

Mr. HEALEY. Most of the persons employed in a refinery we term common labor in my State and they are paid 65 cents an hour as a minimum.

Mr. KING. Common labor in Hawaii would probably start with $4 as a base pay, including bonus and value of perquisites.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. KING. I yield.

Mr. CRAWFORD. Does the gentleman think a man could work as a sugar boiler who was not a skilled man?

Mr. KING. I had thought not.

Mr. CRAWFORD. Do you think he could run an evaporator if he were not skilled?

Mr. KING. I would not think so.

Mr. CRAWFORD. Does the gentleman think he could run the centrifugal machines or conduct any of the other technical operations in a refinery if he were not a skilled man?

Mr. KING. I would not think so.

Mr. HEALEY. Mr. Chairman, will the gentleman yield further?

Mr. KING. I am sorry, Mr. Chairman, but I do not want to get into a controversy here. Everybody else has had a whack at Hawaii, and I just want a chance to come back [laughter] and I hope the gentleman will forgive me if I do not yield further. After all, the argument is not germane. If the law is right, the question of whether we pay or do not pay our labor a just rate of wages is something that comes under another law. That would come under the National Labor Relations Board or under the new wage law we are considering, and I will digress from the subject at this point to show the history of that law, because the gentleman from Massachusetts [Mr. HEALEY] was evidently under the impression we did not come under that law. The bill was introduced by our late colleague, Congressman Connery, of Massachusetts, on May 24, and on May 26, to show you how determined I am that in all respects, benefits, and burdens alike, Hawaii should share equally with the States, I addressed a letter to him shortly before he died, calling attention to the fact that by definition the bill was restricted to the 48 States of the Union and the District of Columbia. I asked him to change it because Hawaii expected to accept whatever wages and hours were prescribed for the mainland. Unfortunately, he died before he could answer my letter, but the letter was taken up by the joint committee and the bill as introduced in the Senate by Senator BLACK had the correction made. I wrote to the present chairman of the Committee on Labor, and Chairman NORTON verified the statement that the Committee on Labor had accepted the Senate bill as a substitute for the House bill and the language of the bill included the States, Territories, and possessions.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. KING. Yes; I am glad to yield to my colleague, the gentleman from Kansas.

Mr. HOPE. The gentleman will recall that when the original sugar bill was introduced in the House, it had some very drastic provisions with reference to field labor, and particularly against child labor, and the gentleman will recall that the domestic beet producers offered considerable objection to those provisions. I would like to ask the gentleman whether those representing Hawaii offered any objection to those provisions at that time.

Mr. KING. I appreciate the gentleman's asking me the question because he is familiar with the situation. The representatives of the Hawaiian sugar interests came before the committee and stated that they accepted the provisions in toto, as they had those incorporated in the present act, and stated that they would cooperate with the Department of Agriculture in the enforcement of any labor restrictions as to hours, wages, employment of women or children that the Department of Agriculture might wish to prescribe. It was at the instance of representatives of the beet industry that the restrictions in H. R. 7667 have been ameliorated for the benefit of the beet industry with respect to labor conditions.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. KING. I yield.

Mr. LANZETTA. Is it not a fact that Puerto Rico took the same stand with respect to such labor restrictions?

Mr. KING. Absolutely, and that is another thing that destroys this argument as to the un-American conditions with respect to labor, because under this bill you give the Secretary of Agriculture authority and power to enforce fair labor standards in the sugar industry of the United States.

Now, another point has been raised with respect to flooding the American market. I am really astonished at the Members of the Congress who will refer to this subsidy to Hawaii, to this great gift granted the Territory of Hawaii. Even the very distinguished gentleman, whom we all respect and admire immensely, the gentleman from Texas, the chairman of the Rivers and Harbors Committee, made that point. Hawaii consists of eight islands and you cannot do any business in Hawaii unless you have harbors. Our harbors have been improved under the National River and Harbor Act. Following appropriations by successive sessions of the Legislature, the Federal Government has spent millions of dollars on our harbors, but in the case of Hawaii we have never been exempted from the 50–50 quota. Out of those harbors comes a tremendous amount of freight which is carried in American bottoms, and, in fact, it is the principal business that keeps the American flag afloat on the American merchant marine in the Pacific.

The United States Treasury collects in the port of Honolulu $1,000,000 a year in tariff customs. So it is one of the major seaports under the American flag. You do not subsidize Hawaii when you allow it to raise sugar to enter into interstate commerce beyond its own needs. Where is my colleague from Wisconsin [Mr. BOILEAU]? His State raises an excess of milk and butter products, and it sells these products to the citizens of Alabama, where they raise an excess of cotton and sell it to the citizens of Wisconsin. That is not a subsidy, and it is not a subsidy when we raise an excess of sugar and sell it in the American market. We are doing what we are entitled to as American citizens, and what every other American citizen is entitled to do and is doing.

Otherwise we would go back to Bret Harte's busted mining camp, and make a living out of taking in each other's washing. Take the matter of automobiles, from the State of the gentleman from Michigan [Mr. WOODRUFF], and cotton from the South, and foodstuffs, all of which we buy from other parts of the United States. Take the matter of rice. Our people eat, among other foodstuffs, a good deal of rice, and we consume practically two-thirds of the rice crop of California. We buy it in Hawaii with the money that we make out of the sale of sugar in the American market, and the merchandise we buy from the mainland of the United States exceeds that which is bought in the course of foreign commerce by any except six of the major nations of the world.

As to flooding the market, I obtained authority to insert in the hearings on sugar before the special subcommittee a chart showing the production of sugar by areas for the past 30-odd years. It is a very illuminating table, on pages 78 and 79 of the hearings, because if you go down the line of years you will see that Hawaii raises from 12 to 15 percent of the total consumption of sugar in the United States. We have never gone away up and never gone away down. Beets started practically at zero, and is now 22 percent. I have no objection to that. It is an American industry and I am perfectly satisfied if they could go as far as 50 percent.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. KING. Yes; I shall be glad to do so.

Mr. WOODRUFF. I recognize the fact quite as fully as does the Delegate from Hawaii that the citizens of those islands are just as much citizens of the United States as are the citizens of the State of Michigan, and they are entitled to all of the rights and privileges granted to any citizen of the United States, regardless of where he may find himself.

Mr. KING. Before answering the gentleman from Michigan, Mr. Chairman, it is very obvious from this table that it

is not Hawaii that has been flooding the American market. We have increased in production in proportion to the increase in consumption.

In answer to the gentleman from Michigan, I realize his point clearly. He feels that a restriction on a quota which would prevent the three factories in his district from functioning is a restriction on refined sugar. I leave it to you that there is a fundamental difference between laying a quota restriction on an industry and in saying that of the quota you produce you may process only a small percent, in this case only 3 percent. No mainland producing area is barred from refining its entire quota allotment. I do believe there is a fundamental difference, although I recognize the gentleman disagrees with me, and he feels it keenly because Michigan has a limited quota, only enough to keep one factory going, and he feels it is a discrimination or restriction on refined sugar. I disagree with him on that point. Hawaii is allowed a quota of 938,000 tons, a substantial reduction, to share with other producing areas in providing for an increased quota for the Louisiana and Florida area. Then we are told that we can process only 3 percent of that allowed quota.

Mr. WOODRUFF. The gentleman will agree that if his proposal is put into the law and extended, as it undoubtedly will be extended, that the net result of it will be that we have by legislation destroyed an industry in this country, depriving American citizens living in this country of opportunity to work in order that you may set up another industry of a like character within the islands, and afford labor for your own people.

Mr. KING. No; I do not agree. I am sure the gentleman missed my opening statement. The question of whether we refine or do not refine our sugar does not affect the quota of the beet-sugar people one iota.

The CHAIRMAN. The time of the Delegate from Hawaii has expired.

Mr. DEROUEN. Mr. Chairman, will the gentleman from Michigan yield to me?

Mr. HOOK. I yield to the gentleman from Louisiana.

Mr. DEROUEN. Mr. Chairman, I ask unanimous consent to insert at this point a statement from the Louisiana delegation on the sugar bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DEROUEN. Mr. Chairman, I would ask unanimous consent to submit at this point a statement that has been prepared by the entire House Delegation from my State, composed of my colleagues, J. O. FERNANDEZ, PAUL H. MALONEY, ROBERT L. MOUTON, OVERTON BROOKS, NEWT V. MILLS, JOHN K. GRIFFITH, RENÉ L. DEROUEN, and A. LEONARD ALLEN, relating to the Jones sugar bill that is now under discussion.

Mr. Chairman, we believe it is highly desirable and, indeed, necessary that some form of legislation for the control of supply and demand of sugar be enacted if the industry is to exist in a reasonably profitable manner and, at the same time, furnish to the consumer an uninterrupted adequate supply of sugar with a fair price. We believe that this bill with its main provisions is calculated to bring such results and is in accord with the recommendations of the President as on February 26, 1937, in his message to Congress the President stated:

> I, therefore, recommend to Congress the enactment of the sugar-quota system and its necessary complements which will restore the operation on which the Jones-Costigan Act was based. In order to accomplish this purpose, adequate safeguards would be required to protect the interest of each group concerned.

The sugar industry has had its ups and downs and was like all other commodities when the depression came along, on the verge of ruin, thereby causing losses in investments, in lands and machinery and buildings; losses to farmers and losses to laborers. It needed something that would require stabilization of prices and orderly marketing of the product and to accomplish this with an equitable program for the various interested groups was quite a complicated problem. However, the enactment of the Jones-Costigan law with its protective provisions, which law expires this December, brought an orderly movement into the sugar industry, permitting various interested groups to conduct their business on a sound basis which carried its beneficial effects to the farmers as well as the laborers. The bill now under discussion is for the purpose of continuing this program for another 3 years. As it has been perfected, it is an improvement. Of course, the main feature of the bill is the question of quotas. The overproduction of sugar in off-shore areas makes this essential. So the farmer could obtain a reasonable price for his product it was necessary that the quota system be inaugurated and to effect a quota system it was also necessary to control acreage. Therefore, there had to be some compensating requirements to the farmer for his curtailment of acreage and, to take care of this feature, there is a small processing tax placed upon the manufacture of sugar.

The question of quotas has been one that has been very difficult to adjust. We feel as other producing areas that we are entitled to a larger quota than is provided in the present bill. However, realizing the necessity of this legislation we are accepting the compromise quotas as fixed in this present bill. The various groups that have been supplying sugar to the consumer of continental United States and who have been accorded consideration and treatment in this bill reckoned on past performances are the cane and beet producers of continental United States; cane producers of Hawaii, Puerto Rico, and Virgin Islands, and the cane producers of the Philippines and Cuba, and the refiners of offshore raw sugar in continental United States. In the quotas as provided in this bill each one of these groups have been given consideration and allotments. While it is quite probable that no one group is entirely satisfied as they could produce more than the quota assigned, which is our case in Louisiana, it is a fact that each of the producer groups has been given consideration in keeping with the President's recommendations wherein he stated "that adequate safeguards would be required to protect the interest of each group concerned." This applies not only to the grower of cane and beet in continental United States but also to the refiners. The refining of sugar in continental United States is quite an industry and employs many; the investments are large and we believe that no offshore sugar should come to United States in consumption form; that this particular business should be given to our own investors who have the equipment to do the work and the laborers who need the work. However, we are accepting the compromise on this particular feature as well as the others.

The State of Louisiana has been growing sugarcane for the past 185 years on certain lands particularly adapted to the growing of cane. We have in 1937 in our State 240,000 acres of land in sugarcane for sugar cultivated by 12,000 farmers. In this industry, besides, we have 71 sugar houses and have six refiners. The industry employs approximately 43,000 heads of families. The investment reaches into large figures and means much to the welfare of the community as employers of laborers and taxpayers, all of which only makes us deeply concerned in the welfare of the industry. We appreciate its usefulness and its value to our citizenship as a whole, and, therefore, we can fully appreciate the problem and its needs in the other sugar-producing areas, with which we are in entire sympathy. We believe it is to the interest of the American citizen that the sugar industry of continental United States be protected and not traded off for any imaginary values that may appear for other commodities. It must be remembered that of our thousands of acres in continental United States that are in cane and beet production, that to take this acreage out of such production would mean the acreage would have to go into production of corn, wheat, or cotton, of which there is now an oversupply, and this would not only add an increased supply of these commodities but would take from the sugar-producing areas in continental United States the buying power that they receive now from the sugar industry and which money

is spent liberally in the other States for various sundry supplies. We believe the principle of this legislation is economically sound because it was so proven by the experimentation we have had with the Jones-Costigan bill, which this legislation patterns.

We trust there will be no change in the quota features of the continental groups because, if there are, they are bound to work an unjust hardship. We also hope the legislation will not be delayed, as we believe this would have a very serious and damaging effect to all. We are also conscious of the fact of the trying circumstances under which the Agriculture Committee has labored to produce the bill that is now under consideration. We know they have labored diligently and laboriously and have tried to give sympathetic consideration to the various interested groups. We believe they have recommended a compromise bill that should receive the support of this Congress. We want to take this opportunity to congratulate them on the splendid results they have obtained under the most trying conditions.

Mr. HOOK. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. MASSINGALE].

Mr. MASSINGALE. Mr. Chairman, I ask unanimous consent in this 3 minutes to speak out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MASSINGALE. Mr. Chairman, I have listened with a great deal of interest to the debate on sugar. Knowing nothing about it, I have learned. My object in taking the floor now is to call the attention of the House to the condition that the farmer in America finds himself in, so far as expected legislation is concerned in this Congress. It seems that the program is to consider housing and wages and hours, and let the farmer go by the board and take his chances next January and the succeeding months. To me that is a distressing piece of information. If there is a class of people in this country, composing 33,000,000 of our population, who ought to be entitled to some security by legislation, it is the American farmer. What I would like to see done is for this Congress to stay in session until we can yoke the farm program with the work-labor program and with the housing program. There is no reason why the farmer should not be considered along with those two other major matters by the Congress. I would like to join a group that would stay in session until a decent farm program is given consideration. If we cannot give it consideration during this session, then I believe it would be fair to the three major propositions that Congress has to consider, that they be postponed until next January; and next January we ought to resolve that we will have those matters for consideration and they shall have priority over any other legislative matter that comes up for the consideration of the Congress.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. May I inquire how long we expect to proceed without a quorum?

Mr. JONES. We expect just to finish the general debate and read one paragraph and then rise.

Mr. MICHENER. How much general debate is there remaining?

The CHAIRMAN. There are 22 minutes remaining.

Mr. MICHENER. The gentleman does not intend to read any of the bill?

Mr. JONES. Just the first paragraph, but not offer any amendments.

Mr. MICHENER. Is it the purpose to finish the bill tomorrow?

Mr. JONES. Oh, yes.

Mr. HOOK. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, after listening to the various arguments that have been presented this afternoon I think the question resolves itself down to whether or not the Territories of Puerto Rico and Hawaii should be entitled to the production and refining of sugar for the American market without restriction, or whether the quotas allotted to those Territories by the provisions of this bill are just and equitable.

This committee has had a big job. It has held hearings. They have given very careful consideration and study to a very complex and difficult problem in an endeavor to settle this very troublesome situation in a manner that will be fair and equitable to all of the various elements concerned.

The claim of the gentleman from Hawaii [Mr. KING] just presented in such an able maner is that the Territory of Hawaii is a possesison under the American flag and no discrimination should be exercised against it. In other words, that they should be allowed to produce and refine sugar for the continental American market without any restriction. It seems to me, in view of the facts presented here today, showing conclusively that the provisions contained in the bill restrict other producing and processing areas in our country, that that argument is untenable and without force. We have heard various gentlemen from the beet-producing sections contend that under the terms of the bill their quota is restricted.

The gentlemen from Florida contend that they are not permitted to produce enough sugar to take care of the consumption of their State. Then, surely there is not much merit in the contention of the gentleman from Hawaii [Mr. KING] that the bill discriminates against that Territory. No one has contended here today that if the unrestricted privilege of producing and refining sugar is extended to the Territories that it will not mean practical ruination of the refining industry in this country. It will then mean American labor versus poorly paid tropical labor, and our refiners would be unable to cope with that situation. Hawaii and Puerto Rico have the same quotas they always had under this bill. They have not been refining countries. They do not have extensive refining facilities. New refineries would have to be built. The refineries are in this country, mostly in the populous centers of our country, in New York, Philadelphia, Boston, in the States of New Jersey, Florida, Texas, Georgia, and Louisiana, and other sections, where they employ American labor under decent labor standards. For instance, in my own State of Massachusetts there are two refineries employing from 1,500 to 1,800 men. Both of those refineries are unionized, both of them pay union wages.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 2 additional minutes to the gentleman from Massachusetts.

Mr. HEALEY. They pay 65 cents an hour to common labor and maintain a 40-hour week. They pay to the city of Boston, for instance, something like $500,000 a year in taxes. They have a $3,000,000 pay roll. If you transfer this industry to the insular possessions what will happen in the continental United States to these American workmen? Is it proposed to throw them out of work and add them to the army of unemployed? Do you want to impose a still greater burden on our cities?

In my judgment, Hawaii is being most fairly dealt with in this bill. It has the free and unrestricted privilege of producing and refining sugar for its own Territorial use and for sale in the world market. Under this bill it has received as fair a deal as it has ever had.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. SHORT. Is it not a fact that large industrialists and international financiers in this country who call themselves Americans have established and built not only sugar refineries but other kinds of factories not only in island possessions, but in foreign countries where labor is cheap in order to make their profits?

Mr. HEALEY. The gentleman is correct, and their principal purpose is to take advantage of a cheap-labor market in those countries.

I have the figures read into the RECORD by the gentleman from Hawaii, and I submit they are in no way comparable with the wages for persons engaged in similar trades in continental United States.

I know the gentleman is too intelligent and too well informed to seriously contend that wage and working conditions in Hawaii compare favorably with similar conditions in the continental United States.

I believe he knows that if labor conditions were even nearly comparable that refiners in Hawaii would not be able to drive our century-old industry from the continent to the insular possessions. The gentleman [Mr. KING] makes light of the economic dislocation caused by the migration of established industries to low-wage areas. I say to him and to all the Members that the time has arrived when we must take serious notice of these trends and their serious consequences to our national economy.

I trust the Membership of the House will support the committee. Its members have worked arduously and diligently, and have fairly and justly considered this complicated legislation from every angle. In my judgment they merit our full support. [Applause.]

[Here the gavel fell.]

Mr. LANZETTA. Mr. Chairman, there has been so much talk about discrimination on the floor of the House this afternoon that I am beginning to wonder whether Puerto Rico and Hawaii are being discriminated against, or whether Puerto Rico and Hawaii are discriminating against the 48 States. What is discrimination? Discrimination is the placing of unusual burdens upon one group of citizens for the special benefit of another group of citizens.

When the gentlemen from Florida, Michigan, Wisconsin, and other States complain that they are being discriminated against because they cannot raise the quantity of beets or sugarcane they would like to raise, I say that their premise is false, because that is not discrimination in that the beet- and sugarcane-quota burdens in this bill are distributed as equally as it is humanly possible on all the citizens of the United States.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. HOOK. Is Puerto Rico subject to the income tax? Is Puerto Rico subject to the Social Security Act? Is Puerto Rico subject to——

Mr. LANZETTA. One question at a time, please. If the gentleman is going to set the precedent in this Congress that the rights and privileges of a State or of a citizen depend upon the amount of tax paid, then I say to the gentleman that he is setting a dangerous precedent, because tomorrow many States of the Union and many individuals who are paying the largest amount of taxes may come to this Congress and ask for special privileges.

Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a memorandum from the Department of the Interior on the subject of discrimination and exploitation of our Territories.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The memorandum is as follows:

A committee of the Department of the Interior, surveying the effect of various sugar proposals on the island possessions within the jurisdiction of that Department, today reported to Secretary of the Interior Ickes:

"The provisions of H. R. 7667, discriminating against Hawaii, Puerto Rico, and the Virgin Islands in the matter of refined sugar, are in complete violation of traditional American policy and of basic American principles.

"First, these discriminatory provisions establish trade barriers within the United States. These provisions establish that a certain part of the Union may not manufacture, may not process the products of its soil. This discrimination against one part of the Union is established not merely in favor of another part of the Union—in itself an unjustifiable performance. It establishes discriminations against parts of America, inhabited by American citizens, in favor of a few mainland companies already highly privileged by this legislation. As a precedent, this kind of discrimination is unthinkable—and because it was introduced without the administration's approval 3 years ago in the Jones-Costigan bill, in an emergency, is no reason for making it a continuing national policy.

"Second. These discriminations are contrary to the spirit of American institutions. They are contrary to contemporary American policy by establishing an Old World colonialism in America. The essence of Old World colonialism, the colonialism against which the Colonies rebelled when they declared their independence, was the right of the mother country to exploit those colonies, to consider their citizens as occupying a secondary and inferior status, and to place economic obstacles in their path in favor of commercial interests in the mother country. This is still the practice among Old World empires, though to a more limited extent than it was a century and a half ago—because colonies cannot be exploited as ruthlessly now as then. However, it is self-evident that sound statesmanship in the United States cannot recognize, cannot permit, the establishment of such a continuing policy with us. It has been part of our historic process that Territories represented an earlier stage of political development, and that during that period of development their lack of voting strength in the Congress was not to be taken advantage of to penalize them, but, on the contrary, should entitle them to the fullest protection from the entire Congress. Because Hawaii and Puerto Rico have no vote in the Congress is not only not a reason for discriminating against their products and imposing restrictions upon them against which they cannot retaliate, but it is a valid reason for insuring them protection at the hands of the entire Congress. The Congress itself is looked to by American citizens in Hawaii, Puerto Rico, and the Virgin Islands to insure them equal treatment."

Mr. LANZETTA. The thing that the gentleman from Massachusetts spoke about a moment ago is the very thing that caused the trouble between England and the Colonies in 1776. England at that time took the stand that the citizens of the mother country should have special rights and privileges to the detriment of the citizens who resided in the Colonies. When we discriminate against Puerto Rico and Hawaii by restricting the production of refined and direct-consumption sugar in these Territories we are doing the same thing that caused a great deal of the trouble between England and the Colonies.

Much has also been said about how fair we have been to Puerto Rico and Hawaii. Well, now, let us look at the other side of the story and see how fair Hawaii and Puerto Rico have been to us? I want to call the attention of the Members of this House that in the last 10 years Puerto Rico alone has purchased over $900,000,000 worth of goods from us, while Hawaii has purchased an almost similar amount. I say that this is something that the Members of Congress should ponder over, before talking about how fair we have been to these offshore areas. Needless to say, the purchase of this tremendous amount of goods benefited not only the producers but also thousands of workers in continental America.

Mr. Chairman, I wish to insert at this point certain tables which show the various benefits received by Puerto Rico and Hawaii as compared to those received by the States.

[Here the gavel fell.]

(Mr. LANZETTA asked and was given permission to revise and extend his own remarks in the RECORD.)

Total regular and emergency Federal aid, by States, for fiscal years 1934, 1935, and 1936 [1]

State	Total grants direct to States for regular Federal aid [2]	Total emergency aid		Total	Total per capita
		Total grants direct to States [3]	Payments to individuals under Agricultural Adjustment Administration		
Alabama	$14,870,426.89	$91,971,242.90	$34,539,085.87	$141,380,755.66	$49.37
Alaska	374,829.02	3,828,142.69		4,202,971.71	67.79
Arizona	6,749,144.62	32,895,023.90	3,401,563.51	43,045,732.03	106.02
Arkansas	11,720,772.50	78,830,306.77	40,305,611.54	130,856,690.81	64.68
California	23,832,197.64	293,647,881.84	16,343,323.44	333,823,402.92	55.10

[1] Compiled from reports of the Treasury Department, the Reconstruction Finance Corporation, and the Agricultural Adjustment Administration.

[2] Regular Federal aid includes payments for (1) agricultural experiment stations, (2) cooperative agricultural extension work, (3) national forests and fire prevention, (4) cooperative distribution of forest planting stock, (5) cooperative construction of rural post roads, (6) Federal-aid highway systems, (7) colleges for agriculture and mechanic arts, (8) Mineral Leasing Act, (9) certain special funds, (10) cooperative vocational education, (11) Reclamation Service, (12) U. S. Employment Service, (13) State marine schools, (14) education of the blind, (15) National Guard, (16) Federal Water Power Act, (17) State and Territorial homes for disabled soldiers and sailors, and (18) social security.

[3] Emergency expenditures include: (1) National Recovery Act, highways funds, (2) Federal Emergency Relief Administration grants, (3) Public Works Administration grants, (4) Works Progress Administration grants, (5) Reconstruction Finance Corporation disbursements for relief and work relief, and Puerto Rico Relief Administration grants.

Total regular and emergency Federal aid, by States, for fiscal years 1934, 1935, and 1936—Continued

State	Total grants direct to States for regular Federal aid	Total emergency aid		Total	Total per capita
		Total grants direct to States	Payments to individuals under Agricultural Adjustment Administration		
Colorado	$9,716,568.51	$75,246,942.67	$18,327,717.44	$103,291,228.62	96.90
Connecticut	5,848,744.17	55,206,749.18	2,420,976.75	63,476,470.10	36.61
Delaware	2,237,614.52	7,467,387.48	480,356.65	10,185,358.65	39.33
District of Columbia	1,762,462.93	29,472,463.81		31,234,926.74	50.46
Florida	8,419,585.29	83,862,685.59	3,667,340.62	95,949,611.50	58.43
Georgia	9,337,640.31	96,140,521.53	35,356,057.98	140,834,219.82	46.02
Hawaii	3,146,690.04	9,316,413.59	13,362,938.60	25,826,042.23	65.88
Idaho	6,401,045.71	30,354,347.10	14,244,543.09	50,999,935.90	105.15
Illinois	22,804,816.89	370,519,548.02	69,455,877.06	462,780,241.97	58.99
Indiana	16,711,414.73	126,231,584.01	42,743,479.16	185,686,477.90	53.68
Iowa	11,935,975.34	66,055,320.75	113,700,747.71	191,692,043.80	75.38
Kansas	9,340,303.56	84,951,750.98	102,879,195.26	197,171,249.80	104.54
Kentucky	9,762,291.45	69,025,915.93	22,848,195.95	101,636,403.33	35.25
Louisiana	7,730,048.24	85,568,109.53	33,450,660.98	126,748,818.75	59.73
Maine	5,158,574.64	25,951,519.83	105,242.25	31,215,336.72	36.59
Maryland	5 378,716.15	63,017,729.71	3,852,347.10	72,248,792.96	43.16
Massachusetts	12,910,512.68	224,227,302.50	1,821,700.44	238,959,515.62	54.00
Michigan	21,783,766.34	214,901,109.63	10,903,248.90	247,588,124.87	51.76
Minnesota	12,724,292.79	138,293,178.90	39,883,484.37	190,900,956.06	72.45
Mississippi	14,437,225.93	59,427,388.05	38,267,051.40	112,131,665.38	55.84
Missouri	15,117,741.19	140,448,917.91	52,261,578.92	207,828,238.02	52.50
Montana	10,103,227.53	48,060,577.17	22,500,982.59	80,664,787.29	151.91
Nebraska	8,316,203.48	57,211,330.06	68,950,404.94	134,477,938.48	98.59
Nevada	5,376,376.85	12,880,979.60	295,657.13	18,553,013.58	185.53
New Hampshire	3,095,461.92	16,431,967.74	129,652.31	19,657,081.97	38.70
New Jersey	10,146,218.72	172,687,826.68	786,975.50	183,621,020.90	42.43
New Mexico	6,994,658.70	33,243,427.98	4,598,365.04	44,836,451.72	106.25
New York	32,691,215.80	777,728,602.94	1,925,455.49	812,345,274.23	62.80
North Carolina	13,187,132.03	73,858,105.68	35,181,027.97	122,226,265.68	35.36
North Dakota	6,802,095.86	54,675,664.09	49,512,450.84	110,990,210.79	157.88
Ohio	21,222,654.43	355,403,515.89	33,716,375.14	410,342,545.46	61.13
Oklahoma	12,782,821.23	101,227,046.30	66,837,549.13	180,847,416.66	71.54
Oregon	9,680,894.99	44,047,547.03	9,645,686.17	63,374,128.19	62.31
Pennsylvania	21,863,792.95	486,510,356.56	4,676,386.47	513,050,535.98	50.62
Puerto Rico	4 2,498,457.28	29,461,712.55	14,218,756.40	4 46,178,926.23	4 26.51
Rhode Island	3,219,943.33	20,604,068.19	61,200.80	23,885,212.32	35.07
South Carolina	6,165,754.19	60,969,886.89	24,592,519.90	91,728,160.98	49.32
South Dakota	7,432,672.98	61,048,139.73	38,790,670.18	107,271,482.89	155.02
Tennessee	10,499,274.05	75,589,940.58	22,159,182.20	108,248,396.83	37.80
Texas	32,905,281.03	192,910,599.05	158,131,582.69	383,947,462.77	62.77
Utah	5,935,094.73	36,519,995.34	4,623,206.13	47,078,296.20	91.24
Vermont	3,190,202.89	9,978,703.86	233,248.07	13,402,154.82	35.27
Virginia	9,931,872.22	57,388,889.74	8,671,587.92	75,992,349.88	28.45
Virgin Islands	15,049.00	721,928.57		736,977.57	33.50
Washington	9,905,510.87	77,920,559.84	19,014,306.57	106,840,377.28	65.03
West Virginia	5,047,799.75	80,836,572.03	1,172,348.51	87,056,720.29	47.57
Wisconsin	14,948,282.40	153,416,359.39	15,273,921.19	183,638,562.98	63.15
Wyoming	7,008,698.54	19,810,708.72	4,063,734.77	30,883,142.03	132.55

4 Does not include $11,258,325.70 ($6.46 per capita) of United States customs, internal revenue, and income taxes collected and retained. The total income collected from these sources for 38 years totals about $95,000,000.

Loans and disbursements, Farm Credit Administration and Reconstruction Finance Corporations, to Sept. 30, 1936, by States

State	Total	Per capita
Alabama	$73,915,973.93	$25.81
Alaska	347,500.00	5.60
Arizona	22,972,219.60	56.58
Arkansas	77,574,883.57	38.35
California	622,559,558.35	102.75
Colorado	70,016,537.63	65.68
Connecticut	35,715,733.89	20.60
Delaware	2,552,765.00	9.86
District of Columbia	30,274,698.00	48.91
Florida	39,288,466.46	23.93
Georgia	66,603,574.70	21.77
Hawaii	1,230,832.00	3.14
Idaho	58,033,120.28	119.66
Illinois	566,857,704.02	72.26
Indiana	171,874,055.01	49.69
Iowa	343,684,964.84	135.15
Kansas	173,857,050.22	92.18
Kentucky	99,468,045.18	34.50
Louisiana	164,754,293.09	77.64
Maine	81,703,617.77	95.78
Maryland	139,451,167.77	83.30
Massachusetts	86,632,934.63	19.58
Michigan	488,131,067.20	102.06
Minnesota	224,647,193.30	85.26
Mississippi	86,695,402.00	43.18
Missouri	153,678,597.04	38.82
Montana	66,057,928.85	124.40
Nebraska	193,796,747.87	142.08
Nevada	14,589,266.81	145.89
New Hampshire	6,549,125.38	12.89
New Jersey	217,715,246.00	50.30
New Mexico	32,652,772.90	77.38
New York	609,990,415.50	47.16
North Carolina	99,696,699.40	28.84
North Dakota	180,749,699.10	257.11
Ohio	517,882,972.50	77.15
Oklahoma	89,005,031.31	35.21
Oregon	$55,920,730.54	$34.82
Pennsylvania	289,619,547.97	28.57
Puerto Rico	16,967,823.82	9.74
Rhode Island	7,756,492.71	11.39
South Carolina	63,336,754.45	34.05
South Dakota	134,824,528.73	194.83
Tennessee	150,937,719.17	52.70
Texas	422,722,989.26	72.38
Utah	50,138,473.92	97.17
Vermont	33,053,755.36	86.98
Virginia	79,513,350.35	29.77
Washington	97,635,814.97	59.43
West Virginia	52,759,035.41	28.83
Wisconsin	251,608,170.78	86.52
Wyoming	26,845,151.02	115.22
Virgin Islands	125,000.00	5.68

Total per capita regular and emergency Federal aid by States for fiscal years 1934, 1935, and 1936 [1]

Rank	State	Total	Total grants direct to States for regular Federal aid [2]	Total emergency aid	
				Total grants direct to States [3]	Payments to individuals under Agricultural Adjustment Act
1	Nevada	$185.53	$53.76	$128.81	$2.96
2	North Dakota	157.88	9.68	77.77	70.43
3	South Dakota	155.02	10.74	88.22	56.06
4	Montana	151.91	19.03	90.51	42.37
5	Wyoming	132.55	30.08	85.03	17.44
6	New Mexico	106.25	16.58	78.77	10.90
7	Arizona	106.02	16.62	81.02	8.38
8	Idaho	105.15	13.20	62.58	29.37
9	Kansas	104.54	4.95	45.04	54.55
10	Nebraska	98.59	6.10	41.94	50.55
11	Colorado	96.90	9.12	70.59	17.19
12	Utah	91.24	11.50	70.78	8.96
13	Iowa	75.38	4.69	25.98	44.71
14	Minnesota	72.45	4.83	52.48	15.14
15	Oklahoma	71.54	5.06	40.04	26.44
16	Alaska	67.79	6.05	61.74	
17	Hawaii	65.88	8.03	23.76	34.09
18	Washington	65.03	6.03	47.43	11.57
19	Arkansas	64.68	5.79	38.97	19.92
20	Wisconsin	63.15	5.14	52.76	5.25
21	New York	62.80	2.53	60.12	.15
22	Texas	62.77	5.38	31.54	25.85
23	Oregon	62.31	9.52	43.31	9.48
24	Ohio	61.13	3.16	52.95	5.02
25	Louisiana	59.73	3.64	40.33	15.76
26	Illinois	58.99	2.91	47.23	8.85
27	Florida	58.43	5.13	51.07	2.23
28	Mississippi	55.84	7.19	29.60	19.05
29	California	55.10	3.94	48.46	2.70
30	Massachusetts	54.00	2.92	50.67	.41
31	Indiana	53.68	4.83	36.49	12.36
32	Missouri	52.50	3.82	35.48	13.20
33	Michigan	51.76	4.55	44.93	2.28
34	Pennsylvania	50.62	2.16	48.00	.46
35	District of Columbia	50.46	2.85	47.61	
36	Alabama	49.37	5.20	32.11	12.06
37	South Carolina	49.32	3.32	32.78	13.22
38	West Virginia	47.57	2.76	44.17	.64
39	Georgia	46.02	3.05	31.42	11.55
40	Maryland	43.16	3.21	37.65	2.30
41	New Jersey	42.43	2.35	39.90	.18
42	Delaware	39.33	8.64	28.83	1.86
43	New Hampshire	38.70	6.09	32.35	.26
44	Tennessee	37.80	3.67	26.39	7.74
45	Connecticut	36.61	3.37	31.84	1.40
46	Maine	36.59	6.05	30.42	.12
47	North Carolina	35.36	3.81	21.37	10.18
48	Vermont	35.27	8.40	26.26	.61
49	Kentucky	35.25	3.39	23.94	7.92
50	Rhode Island	35.07	4.73	30.25	.09
51	Virgin Islands	33.50	.68	32.82	
52	Virginia	28.45	3.72	21.48	3.25
53	Puerto Rico	26.51	1.44	16.91	8.16
	Do	4 32.97			

1 Compiled from reports of the Treasury Department, the Reconstruction Finance Corporation, and the Agricultural Adjustment Administration.

2 Regular Federal aid includes payments for: (1) Agricultural experiment stations, (2) cooperative agricultural extension work, (3) national forests and fire prevention, (4) cooperative distribution of forest planting stock, (5) cooperative construction of rural post roads, (6) Federal-aid highway systems, (7) colleges for agriculture and mechanic arts, (8) mineral leasing act, (9) certain special funds, (10) cooperative vocational education, (11) reclamation service, (12) U. S. Employment Service, (13) State marine schools, (14) education of the blind, (15) National Guard, (16) Federal Water Power Act, (17) State and Territorial homes for disabled soldiers and sailors, and (18) social security.

3 Emergency expenditures include: (1) N. R. A. highways funds, (2) F. E. R. A. grants, (3) P. W. A. grants, (4) W. P. A. grants, (5) R. F. C. disbursements for relief and work relief, and (6) P. R. R. A. grants.

4 Includes $6.46 per capita of United States customs, internal revenue, and income taxes collected and retained.

Federal regular and emergency expenditures for Puerto Rico and other areas, years ended June 30, 1934, 1935, and 1936 [1]

	Year ending June 30, 1934			Year ending June 30, 1935			Year ending June 30, 1936		
	Regular Federal aid	Emergency aid	Total [2]	Regular Federal aid	Emergency aid	Total [2]	Regular Federal aid	Emergency aid	Total [2]
Puerto Rico:									
Direct Federal aid	$210,528.79	$7,371,201.00	$7,581,729.79	$404,543.06	$11,991,678.00	$12,396,221.06	$1,883,385.43	$10,098,833.55	$11,982,218.98
Per capita	.12	4.32	4.44	.23	6.96	7.19	1.08	5.80	6.88
Local Federal revenue			3,340,741.31			3,615,224.66			4,302,359.73
Per capita			1.96			2.10			2.47
Grand total			10,922,471.10			16,011,445.72			16,284,578.71
Per capita			6.40			9.29			9.35
Hawaii:									
Total	1,074,819.98	2,227,967.00	3,302,786.98	680,733.78	3,854,013.28	4,534,747.06	1,391,136.28	3,234,433.31	4,625,569.59
Per capita	2.79	5.80	8.59	1.75	9.93	11.68	3.54	8.24	11.78
Alaska:									
Total	77,628.88	559,629.00	637,257.88	88,269.41	847,950.64	936,220.05	208,930.73	2,420,563.05	2,629,493.78
Per capita	1.27	9.18	10.45	1.44	13.78	15.22	3.37	39.04	42.41
Continental United States:									
Total	145,855,879.00	1,668,633,038.00	1,814,488,918.00	68,326,625.00	2,134,621,403.00	2,202,948,028.00	330,962,143.00	1,821,422,144.00	2,152,384,286.00
Per capita	1.15	13.18	14.33	0.54	16.74	17.28	2.58	14.18	16.76

[1] Compiled from reports of the Treasury Department. Does not include benefit payments made to individuals under the Agricultural Adjustment Administration program.

[2] In the case of Puerto Rico, local Federal revenue includes United States customs, internal revenue, and income taxes collected and retained in Puerto Rico.

Mr. HOOK. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DOCKWEILER].

Mr. DOCKWEILER. Mr. Chairman, I have spent the whole afternoon listening to the debate on this bill. I heard bandied about the word "Americanism this" and "Americanism that." I do not think I have to remind the East that the United States Government does not maintain a consular office in the Hawaiian Islands. It is not a foreign country. It is part and parcel of the United States just as much as Oklahoma Territory was before it became a State or just as much as New Mexico was before it became a State.

When I rise at this late hour, after listening to the splendid address of the Delegate from Hawaii [Mr. KING], what I have to say may appear more or less as an anticlimax to the arguments that may be made against any discrimination whatsoever. I come from the State of California, on the Pacific Coast. Our relations with the Hawaiian Islands group has been extremely friendly and from the economic standpoint extremely valuable.

Mr. Chairman, there is an attempt in this bill to treat the Hawaiian Islands as if they were a colony. We operate under a Constitution, as is known by all, which is a constricted document. We cannot hope under a constitutional form of government to discriminate against our possessions.

Let us take the State of Oklahoma, for instance. What would the people of that State have said before that Territory became a State, being a State that raises considerable cotton, if they were told they could process only a certain number of tons of cottonseed to make cottonseed oil? I wonder how the Alaskans would feel if they were discriminated against in a similar manner that this bill discriminates against the Hawaiian Islands.

After all, Mr. Chairman, I rise in defense of the patriotism and the truly American spirit demonstrated in the Hawaiian Islands, which I have visited. During the World War a draft act was passed and under that act the quota for the Hawaiian Islands was set at 2,403 troops. However, under the first draft act the Hawaiian Islands were not compelled to draft any soldiers for the war, because theretofore there had been volunteer enlistments in the American Army of 3,479 troops.

There was a call for Liberty Loan sales in this country during the war.

[Here the gavel fell.]

Mr. HOOK. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. LUECKE].

Mr. LUECKE of Michigan. Mr. Chairman, I was not a Member of the House at the time the Jones-Costigan Act was placed upon the statute books, but if my memory does not fail me, at that time 16 mills out of 19 in Michigan shut down; but after the enactment of the Jones-Costigan Act the greater number of those mills again began operation. The mill located in my district I think closed down for a period of 4 years.

If we do not enact this bill into law at the present time I think it would be very unfortunate. It would be breaking faith with the farmers who have gone ahead on promises and put in their crops, and drawn up contracts to deliver beets to the workers in these beet-sugar mills. I have looked this report over from beginning to end and I cannot see where the offshore areas are being discriminated against. They are left practically the same as they were in the Jones-Costigan Act.

It is said whenever an attempt is made to legislate for the benefit of any industry that great harm has resulted, usually from a disruption of the price of the product. The statistics show that since 1932 the retail price of sugar has remained between 5.4 cents per pound and 5.6 per pound, a variation of about one-fifth of a cent per pound in 4 years. That to me discloses the success of this legislation. I agree with the gentleman from Wisconsin [Mr. BOILEAU], when he said that we do not go far enough in this bill. I believe we should increase our quota so far as sugar-beet production is concerned.

[Here the gavel fell.]

Mr. HOOK. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS. Mr. Chairman, I have a rather short time in which to develop a whole economic point of view on this question, but that is what I have to try to do. I want to say, first, I am willing to stay with the gentleman from Oklahoma from now on in order to get legislation passed for the benefit of the farmers. I hope that legislation can be fundamental. I hope it can be based on a full production, plus a direct cost-of-production price maintenance for the farmers. If it is, it will require likewise adequate protection against imports for our staple crops—the crops of which we grow an ample supply to care for all our domestic needs.

There are a number of gentlemen in the House who have spoken many times against the idea of attempting to plan, and have criticized rather severely the attempts of this administration to plan our national economic and social life for the welfare of the common people. It is rather interesting to observe that nobody has mentioned this argument today, in spite of the fact that we have been up to our very ears here today in planning for an industry in order to try to parcel out the advantages from one group to another. I believe that what should have been said is that sugar is a special case. I am very much in accord with the opinion expressed that we should have the American market for American labor wherever American producers are able to come within gunshot of a reasonable cost of production. I think, under those circumstances, they should be protected by a tariff. However, I am thoroughly convinced that the sugar question is a special case, and I think it is being dealt

with as a special case, or we would not have a special bill for it or a town fairly bulging with lobbyists.

A few facts may illustrate what I mean, American consumers have been paying in the past 3 years over $300,000,000 more for sugar than they would have had to pay had they bought it at the world price. In 1934 the Tariff Commission found that the total investment in sugar production and beet-sugar processing was $700,000,000. It is interesting to compare these figures. Profits of the five largest beet refiners over a 3-year period just passed have averaged 9 percent of the total net worth of these companies.

The extra cost of sugar all comes out of American consumers. It goes partly to American refiners, partly to foreign producers and refiners, partly to great corporations producing sugar, and a little of it goes to the small-scale producing farmers of our country and the workers they hire. I believe firmly in protection against the competition of sweated foreign labor for every American industry and especially every farm crop which can economically fill the American domestic demand.

But I believe sugar is a special case. I think the gentlemen from Florida present a very good case. I think, if we must have quotas, that the size of the quota should depend primarily on how cheaply an area can furnish sugar, provided labor is properly paid in that area. I intend tomorrow to introduce an amendment which points in this direction.

It has been said that we ought to produce all our sugar in the United States itself. What I believe we ought to say is that we should produce all the sugar in the United States which can be produced at a reasonable margin above foreign costs of production—all the sugar we can produce without making of the industry a political special interest—all the sugar we can produce without levying an unjust tribute on American consumers, who are all the people. I believe the consumer has an interest in this legislation which is the only interest that has been seriously neglected.

We started planning our national economic life when the first protective tariff was passed. We have got to go on now. We will be called upon to plan more and more. But we have to be fair and consider every case on its own merits. We want America to be as nearly self-sustained as she can be made without serious economic loss. But we should be careful about building up an industry behind a great barrier of protection and production limitation when doing so means reducing production in other fields in which our Nation enjoys a greater advantage, and in which even more employment can be provided.

It is a question of weighing the gains and losses. Assertion of broad sweeping principles seem to be out of place. There is a point where the cost of protection of an industry becomes prohibitive. That is why we do not grow rubber and coffee in the United States. Has that point been reached in the case of sugar? This is the main question which needs consideration.

Mr. HOOK. Mr. Chairman, I yield to the gentleman from Montana [Mr. O'CONNOR] such time as he may desire.

Mr. O'CONNOR of Montana. Mr. Chairman, I wish to speak today about the need for Congress to pass farm legislation at this session which can help the farmers of this Nation maintain the gains which they have made under this administration. I wish to point out the real need for legislation which can be a protection for them against surpluses which, in all too short a time, can bring farmers to their knees again as they were in 1932 and in early 1933.

I come from a State where drought after drought has hit our farmers. Wheat farming is a principal source of income from crops. But in spite of the devastation which drought has wrought in Montana, I have no hesitation in saying that what the farmers of Montana want, and what I know a majority of all farmers want, is enactment of legislation which can give them protection, not only when drought is burning up their crops, but also protection against overwhelming surpluses.

Against drought damage the proposal for crop insurance, which is now pending in the House, has the almost unanimous approval of the farmers of Montana. I say that this is one piece of legislation that should be marked "must" by all of us. With this measure, as proposed, farmers can positively insure one-half to three-fourths of their normal yield of wheat against loss from any cause. They can do this by paying the Crop Insurance Corporation in wheat and receiving wheat back when they have losses. I ask you to consider what such a program would mean to a whole area, such as eastern Montana, where wheat yields are large in some years and almost nothing in others. Think what such a plan can mean to farmers in these areas. Think what such a plan can mean for the cities of this area. But crop insurance is more than a purely local matter. Crop insurance is as important to the manufacturing interests of the East as to the crop areas themselves. Crop insurance means stable buying power in the grain areas. It means a lessening of the load of relief. It means a stable agriculture; and as such I wish to urge that this Congress enact crop insurance into law before any adjournment is considered.

Crop insurance offers protection against scarcity, but it is not intended to meet the problem of surplus. That is the problem that all of our agriculture is going to face, sooner or later, and I fear it is going to be much sooner than later. The promise of crops for this year is abundant. Look at futures prices of corn at Chicago for the market estimate of what corn will be worth. On July 26 the July corn futures closed at 104⅛ cents a bushel, but the December futures closed at only 72⅞ cents a bushel. The price of oats over a good deal of the United States dropped from a farm price of 50 cents a bushel to 25 cents a bushel just as soon as farmers began threshing this year's crop. That shows what a surplus can do to farm prices. In wheat we have a very different situation, but we need only look across the Canadian border to see the reason why. Canadian crop losses from drought and dust storms are largely responsible for the high price of wheat in this country this year. But we cannot go on year after year depending upon Canadian crop failures to hold up the price of wheat. We must keep our own house in order. We must think where we will be if there is no Canadian crop failure. We must consider what year after year of two and one-half billion bushel corn crops will mean to corn prices and eventually to hog prices.

Our farmers are thinking about these things. They are looking to us to redeem the pledges of the campaign of last year to maintain the income of agriculture. I say that this administration is committed to the task of maintaining agricultural income and prosperity, and failure to enact comprehensive farm legislation at this session will be viewed by our farmers as a breach of faith. We all know the demand for such a type of legislation. The wishes of farmers have been made known by their recognized spokesmen. President Roosevelt and Secretary Wallace have repeatedly emphasized the urgency of the problem. What are we waiting for? We have been here for nearly 7 months, and we have precious little to show for these months. This is the busy season on the farm and farmers do not have time to write to us. But they are depending on us. I, for one, say that we must not fail. [Applause.]

Mr. HOOK. Mr. Chairman, I yield to the gentleman from Wyoming [Mr. GREEVER] such time as he desires.

Mr. GREEVER. Mr. Chairman and members of the Committee, the subject of sugar-beet legislation has been so fully covered during the committee hearings, which it was my pleasure to attend on a great many occasions, and during the debate in the House yesterday and today, that it seems almost useless to attempt to add anything to what has been said; but I do wish to stress the importance of the sugar-beet industry to the sugar-producing States.

In 1936 continental United States produced 26,100,000 bags of sugar. The crop for that year amounted to more than $130,000,000. In the irrigated sections of the West, which are admirably adapted to beet raising, the sugar-beet industry constitutes the largest cash crop. During the years 1925 to 1936, inclusive, on the Shoshone project in Wyoming the average value of potatoes raised was $76.28 per acre, while during the same period of time the average of sugar

beets produced was $77.43 per acre. I believe that this comparison would be true in most of the irrigated sections. Sugar beets qualify as a cultivated crop recommended for successful rotation and provide valuable livestock feed, the sugar-beet industry being a valuable adjunct to the livestock business. In addition to about 3,700 pounds of sugar produced from an acre of beets, the byproducts will produce approximately 400 pounds of beef or mutton. The low-cost byproducts can be supplemented by feed crops which are grown in rotation with the beets. Beets give more than twice as much employment per acre as any other crop, and according to a study made in one county in Colorado, they return more per hour of man-labor than any other crop, namely, 94.64 cents. Employment benefits extend beyond the farm, too, in the factory pay roll and utilization of nearby materials in the sugar-manufacturing process, which adds greatly to the stability of business in the community.

Beet growers in the United States desire legislation primarily for the continuance of the sugar quota system, including benefit payments and a tax on their products for the purpose of raising revenue sufficient to pay such benefits. In his message to Congress on March 1, 1937, the President requested such legislation and recommended that the principles of the Jones-Costigan Act should be reenacted. The quota system instituted under the Jones-Costigan Act has proven to be of tremendous benefit to the sugar growers of this country and has resulted in stabilizing this industry and making it a profitable one throughout the United States. It is a far-sighted, far-reaching policy and one which places the American sugar grower in a position whereby he will have a stabilized and profitable market, with the additional advantage of controlling the price of sugar to the extent where it will not be disastrous to the consumer.

Without exception the beet growers of my State are fully in harmony with the principle of this legislation; and, while the bill is a result of patient compromise, it presents, in my opinion, a strong and well-reasoned piece of legislation.

The charge has been made that because of restriction upon the refined-sugar quotas from Hawaii and Puerto Rico that this legislation discriminates against these two territories. In all fairness, I do not see how either Hawaii or Puerto Rico could complain in the slightest of this legislation. In 1934 Congress passed the Jones-Costigan bill which provided for a quota plan which fixed the value of other continental sugar groups and of Puerto Rico and Hawaii at near their then existing maximum levels. As I understand the Jones-Costigan legislation, it attempted insofar as possible to fix a quota not only of sugar beets and cane sugar to be grown in the continental United States and in the insular possessions, but thereby also in effect fixed the quota as to the amount which should be refined in the United States. There is no question but what Hawaii and Puerto Rico received great benefits from this bill. As a matter of fact, as a result of the bill Hawaiian sugar received benefits amounting to many millions of dollars from the bill on its quota of sugar. The same is true of Puerto Rico. As a matter of fact, the Jones-Costigan Act in establishing quota limitations on production and marketing of sugar for the continental United States did not require Hawaii to reduce her previous maximum volume of refined-sugar shipments to the continent, but limited her to that maximum. In effect exactly this same thing was done in the sugar-beet producing areas, because by limiting the quota, necessarily the manufacturing of sugar was also limited to the areas surrounding and available to the beet factories. If the sections restricting the importations of refined sugar were stricken from this bill, it would simply mean that Hawaii and Puerto Rico would be preferred over the continental United States in that regard.

This bill has been carefully worked out. The committee deserves the congratulations and the thanks of the Congress for the excellent job which they have done under the most adverse and trying conditions. The legislation is constructive and sound and I hope, with my colleagues from sugar-producing areas, that this bill will be passed by a large majority.

It is the province of Congress to consider legislation. Threats of the veto of a bill should not deter us from what we believe to be an honest and constructive purpose. [Applause.]

Mr. JONES. Mr. Chairman, this is a technical bill. I ask unanimous consent that the reading of the bill under the 5-minute rule may be dispensed with and that amendments may be offered anywhere in the bill so long as it is under consideration. I do this in order to allow full discussion of the important amendments which will be offered.

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, does the gentleman mean to say that the bill will not be read tomorrow under the 5-minute rule?

Mr. JONES. The bill will not be read, but amendments will be in order anywhere in the bill as under the 5-minute rule.

Mr. CRAWFORD. This does not affect the time at all?

Mr. JONES. The gentleman is correct.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The bill is as follows:

Be it enacted, etc., That this act may be cited as the Sugar Act of 1937.

TITLE I. DEFINITIONS

SECTION 101. For the purposes of this act, except title IV—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "sugars" means any grade or type of saccharine product derived from sugarcane or sugar beets, which contains sucrose, dextrose, or levulose.

(c) The term "sugar" means raw sugar or direct-consumption sugar.

(d) The term "raw sugar" means any sugars which are principally of crystalline structure and which are to be further refined or improved in quality, and any sugars which are principally not of crystalline structure but which are to be further refined or otherwise improved in quality to produce any sugars principally of crystalline structure.

(e) The term "direct-consumption sugar" means any sugars which are principally of crystalline structure and which are not to be further refined or otherwise improved in quality.

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain soluble nonsugar solids (excluding any foreign substances that may have been added) equal to 6 percent or less of the total soluble solids.

(g) Sugars in dry amorphous form shall be considered to be principally of crystalline structure.

(h) The "raw value" of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing 96 sugar degrees by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) For direct-consumption sugar, derived from sugar beets and testing 92 or more sugar degrees by the polariscope, by multiplying the number of pounds thereof by 1.07.

(2) For sugar derived from sugarcane and testing 92 sugar degrees by the polariscope, by multiplying the number of pounds thereof by 0.93.

(3) For sugar derived from sugarcane and testing more than 92 sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above 92°.

(4) For sugar and liquid sugar testing less than 92 sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972.

(5) The Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection (h).

(i) The term "total sugar content" means the sum of the sucrose (Clerget) and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

(j) The term "quota", depending upon the context, means (1) that quantity of sugar or liquid sugar which may be brought or imported into the continental United States, for consumption therein, during any calendar year from the Territory of Hawaii, Puerto Rico, the Virgin Islands, the Commonwealth of the Philippine Islands, or a foreign country or group of foreign countries; (2) that quantity of sugar or liquid sugar produced from sugar beets or

sugarcane grown in the continental United States which, during any calendar year, may be shipped, transported, or marketed in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce; or (3) that quantity of sugar or liquid sugar which may be marketed in the Territory of Hawaii or in Puerto Rico, for consumption therein, during any calendar year.

(k) The term "producer" means a person who is the legal owner, at the time of harvest or abandonment, of a portion or all of a crop of sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar.

(l) The terms "including" and "include" shall not be deemed to exclude anything not mentioned but otherwise within the meaning of the term defined.

(m) The term "Secretary" means the Secretary of Agriculture.

TITLE II. QUOTA PROVISIONS

SECTION 201. The Secretary shall determine for each calendar year the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the month of December in each year for the succeeding calendar year and at such other times during such calendar year as the Secretary may deem necessary to meet such requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption, as indicated by official statistics of the Department of Agriculture, during the 12-month period ending October 31 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and changes in consumption, as computed from statistics published by agencies of the Federal Government with respect to inventories of sugar, population, and demand conditions; and in order that the regulation of commerce provided for under this act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he may deem necessary in the amount of sugar determined to be needed to meet the requirments of consumers, so that the supply of sugar made available under this act shall not result in average prices to consumers in excess of those necessary to make the production of sugar beets and sugarcane as profitable on the average, per dollar of total gross income, as the production of the five principal (measured on the basis of acreage) agricultural cash crops in the United States.

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas by prorating among such areas 55.59 percent of such amount of sugar (but not less than 3,715,000 short tons) on the following basis:

Area	Percent
Domestic beet sugar	41.72
Mainland cane sugar	11.31
Hawaii	25.25
Puerto Rico	21.48
Virgin Islands	.24

(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating 44.41 percent of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over 3,715,000 short tons), on the following basis:

Area	Percent
Commonwealth of the Philippine Islands	34.70
Cuba	64.41
Foreign countries other than Cuba	.89

The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, No. 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

SEC. 203. In accordance with the applicable provisions of section 201, the Secretary shall also determine the amount of sugar needed to meet the requirements of consumers in the Territory of Hawaii, and in Puerto Rico, and shall establish quotas for the amounts of sugar which may be marketed for local consumption in such areas equal to the amounts determined to be needed to meet the requirements of consumers therein.

SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise the quota for foreign countries other than Cuba by prorating an amount of sugar equal to the deficit so determined to such foreign countries, on the basis of the prorations of the quota then in effect for such countries: *Provided, however,* That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.

(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar, or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's quota, after such hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, the Territory of Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; or the ability of such person to market or import that portion of such quota or proration thereof allotted to him. The Secretary may also, upon such hearing and notice as he may by regulations prescribe, revise or amend any such allotment upon the same basis as the initial allotment was made.

(b) An appeal may be taken, in the manner hereinafter provided, from any decision making such allotments, or revision thereof, to the United States Court of Appeals for the District of Columbia in any of the following cases:

(1) By any applicant for an allotment whose application shall have been denied.

(2) By any person aggrieved by reason of any decision of the Secretary granting or revising any allotment made to him.

(c) Such appeal shall be taken by filing with said court within 20 days after the decision complained of is effective, notice in writing of said appeal and a statement of the reasons therefor, together with proof of service of a true copy of said notice and statement upon the Secretary. Unless a later date is specified by the Secretary as part of his decision, the decision complained of shall be considered to be effective as of the date on which public announcement of the decision is made at the office of the Secretary in the city of Washington. The Secretary shall thereupon, and in any event not later than 10 days from the date of such service upon him, mail or otherwise deliver a copy of said notice of appeal to each person shown by the records of the Secretary to be interested in such appeal and to have a right to intervene therein under the provisions of this section, and shall at all times thereafter permit any such person to inspect and make copies of appellants' reasons for said appeal at the office of the Secretary in the city of Washington. Within 30 days after the filing of said appeal the Secretary shall file with the court the originals or certified copies of all papers and evidence presented to him upon the hearing involved and also a like copy of his decision thereon and shall within 30 days thereafter file a full statement in writing of the facts and grounds for his decision as found and given by him and a list of all interested persons to whom he has mailed or otherwise delivered a copy of said notice of appeal.

(d) Within 30 days after the filing of said appeal any interested person may intervene and participate in the proceedings had upon said appeal by filing with the court a notice of intention to intervene and a verified statement showing the nature of the interest of such party together with proof of service of true copies of said notice and statement, both upon the appellant and upon the Secretary. Any person who would be aggrieved or whose interests would be adversely affected by reversal or modification of the decision of the Secretary complained of shall be considered an interested party.

(e) At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision, and if it enters an order reversing the decision of the Secretary it shall remand the case to the Secretary to carry out the judgment of the court: *Provided, however,* That the review by the court shall be limited to questions of law and that findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Secretary are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States, upon writ of certiorari on petition therefor, under

section 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, sec. 347), by appellant, by the Secretary, or by any interested party intervening in the appeal.

(f) The court may, in its discretion, enter judgment for costs in favor of or against an appellant, and other interested parties intervening in said appeal, but not against the Secretary, depending upon the nature of the issues involved in such appeal and the outcome thereof.

(g) The Government of the Commonwealth of the Philippine Islands shall make allotments of any quota established for it pursuant to the provisions of this act on the basis specified in section 6 (d) of Public Law No. 127, approved March 24, 1934.

SEC. 206. Until sugar quotas are established pursuant to this act for the calendar year 1937, which shall be within 60 days after its enactment, the quotas determined by the Secretary in General Sugar Quota Regulations, series 4, no. 1, issued December 12, 1936, pursuant to the provisions of the Agricultural Adjustment Act, as amended, shall remain in full force and effect.

SEC. 207. (a) Not more than 29,616 short tons, raw value, of the quota for Hawaii for any calendar year may be filled by direct-consumption sugar.

(b) Not more than 126,033 short tons, raw value, of the quota for Puerto Rico for any calendar year may be filled by direct-consumption sugar.

(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

(d) Not more than 80,214 short tons, raw value, of the quota for the Commonwealth of the Philippine Islands for any calendar year may be filled by direct-consumption sugar.

(e) Not more than 375,000 short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct-consumption sugar.

(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

SEC. 208. Quotas for liquid sugar for foreign countries for each calendar year are hereby established as follows:

Country	*In terms of wine gallons of 75 percent total sugar content*
Cuba	7,970,558
Dominican Republic	830,894
Other foreign countries	0

The quantities of liquid sugar imported into the continental United States during the calendar year 1937, prior to the enactment of this act, shall be charged against the quotas for the calendar year 1937 established by this section.

SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the continental United States from the Territory of Hawaii, Puerto Rico, the Virgin Islands, the Commonwealth of the Philippine Islands, or foreign countries any sugar or liquid sugar after the quota for such area, or the proration of any such quota, has been filled;

(b) From shipping, transporting, or marketing in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce any sugar or liquid sugar produced from sugar beets or sugarcane grown in either the domestic-beet-sugar area or the mainland-cane-sugar area after the quota for such area has been filled;

(c) From marketing in either the Territory of Hawaii or Puerto Rico, for consumption therein, any sugar or liquid sugar after the quota therefor has been filled;

(d) From exceeding allotments of any quota or proration thereof made to them pursuant to the provisions of this act.

SEC. 210. (a) The determinations provided for in sections 201 and 203, and all quotas, prorations, and allotments, except quotas established pursuant to the provisions of section 208, shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar, except that imported from foreign countries, shall be included with sugar in making the determinations provided for in sections 201 and 203 and in the establishment or revision of quotas, prorations, and allotments.

SEC. 211. (a) The raw-value equivalent of any sugar or liquid sugar in any form, including sugar or liquid sugar in manufactured products, exported from the continental United States under the provisions of section 313 of the Tariff Act of 1930 shall be credited against any charges which shall have been made in respect to the applicable quota or proration for the country of origin. The country of origin of sugar or liquid sugar in respect to which any credit shall be established shall be that country in respect to importation from which drawback of the exported sugar or liquid sugar has been claimed. Sugar or liquid sugar entered into the continental United States under an applicable bond established pursuant to orders or regulations issued by the Secretary, for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the applicable quota or proration for the country of origin.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

(c) The quota established for any domestic-sugar producing area may be filled only with sugar or liquid sugar produced from sugar beets or sugarcane grown in such area: *Provided, however,* That any sugar or liquid sugar admitted free of duty from the Virgin Islands under the act of Congress, approved March 3, 1917 (39 Stat. 1133), may be admitted within the quota for the Virgin Islands.

SEC. 212. The provisions of this title shall not apply to (1) the first 10 short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba, in any calendar year; (2) the first 10 short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba, in any calendar year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from any foreign country, other than Cuba, in individual sealed containers of such capacity as the Secretary may determine, not in excess of 1.1 gallons each; or (4) any sugar or liquid sugar imported, brought into, or produced or manufactured in the United States for the distillation of alcohol, or for livestock feed, or for the production of livestock feed.

TITLE III—CONDITIONAL-PAYMENT PROVISIONS

SECTION 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

(a) That no child under the age of 14 years shall have been employed or permitted to work on the farm, whether for gain to such child or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane with respect to which application for payment is made, except a member of the immediate family of a person who was the legal owner of not less than 40 percent of the crop at the time such work was performed; and that no child between the ages of 14 and 16 years shall have been employed or permitted to do such work, whether for gain to such child or any other person, for a longer period than 8 hours in any one day, except a member of the immediate family of a person who was the legal owner of not less than 40 percent of the crop at the time such work was performed.

(b) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,* That a payment which would be payable except for the foregoing provisions of this subsection may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.

(c) That there shall not have been marketed (or processed) an amount (in terms of planted acreage, weight, or recoverable sugar content) of sugar beets or sugarcane grown on the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect interstate or foreign commerce, in excess of the proportionate share for the farm, as determined by the Secretary pursuant to the provisions of section 302, of the total quantity of sugar beets or sugarcane required to be processed to enable the area in which such sugar beets or sugarcane are produced to meet the quota (and provide a normal carry-over inventory) as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(d) That the producer on the farm who is also, directly or indirectly, a processor of sugar beets or sugarcane, as may be determined by the Secretary, shall have paid, or contracted to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing.

(e) That there shall have been carried out on the farm such farming practices in connection with the production of sugar beets and sugarcane during the year in which the crop was harvested with respect to which a payment is applied for, as the Secretary may determine, pursuant to this subsection, for preserving and improving fertility of the soil and for preventing soil erosion, such practices to be consistent with the reasonable standards of the farming community in which the farm is situated.

The conditions provided in subsection (a) and in subsection (b) with respect to wage rates, of this section shall not apply to work performed prior to the enactment of this act; and the condition provided in subsection (c) of this section shall not apply to the marketing of the first crop harvested after the enactment of this act from sugar beets or sugarcane planted prior to such enactment.

SEC. 302. (a) The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share for the farm, as determined by the Secretary, of the quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for such area for the calen-

dar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share-tenants, adherent planters, or sharecroppers.

(c) Payments shall be effective with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm and which shall have been marketed (or processed by the producer) on and after July 1, 1937.

SEC. 303. In addition to the amount of sugar or liquid sugar with respect to which payments are authorized under subsection (a) of section 302, the Secretary is also authorized to make payments, on the conditions provided in section 301, with respect to bona-fide abandonment of planted acreage and crop deficiencies of harvested acreage, resulting from drought, flood, storm, freeze, disease, or insects, which cause such damage to all or a substantial part of the crop of sugar beets or sugarcane in the same factory district (as established by the Secretary), county, parish, municipality, or local producing area, as determined in accordance with regulations issued by the Secretary, on the following quantities of sugar or liquid sugar: (1) With respect to such bona-fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary; and (2) with respect to such crop deficiencies of harvested acreage of sugar beets or sugarcane, the excess of 80 percent of the normal yield of commercially recoverable sugar or liquid sugar for such acreage for the farm, as determined by the Secretary, over the actual yield.

SEC. 304. (a) The amount of the base rate of payment shall be 60 cents per hundred pounds of sugar or liquid sugar, raw value.

(b) All payments shall be calculated with respect to a farm which, for the purposes of this act, shall be a farming unit as determined in accordance with regulations issued by the Secretary, and in making such determinations, the Secretary shall take into consideration the use of common work stock, equipment, labor, management, and other pertinent factors.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reductions shall be made from such total payment in accordance with the following scale of reductions:

Reduction in the base rate of payment per hundredweight of such portion

That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

500 to 1,500	$0.050
1,500 to 6,000	.075
6,000 to 12,000	.100
12,000 to 30,000	.125
30,000 to 50,000	.300
More than 50,000	.450

(d) Application for payment shall be made by, and payments shall be made to, the producer or, in the event of his death, disappearance, or incompetency, his legal representative, or heirs: *Provided, however,* That all producers on the farm shall signify in the application for payment the percent of the total payment with respect to the farm to be made to each producer: *And provided further,* That payments may be made, (1) in the event of the death, disappearance, or incompetency of a producer, to such beneficiary as the producer may designate in the application for payment; (2) to one producer of a group of two or more producers, provided all producers on the farm designate such producer in the application for payment as sole recipient for their benefit of the payment with respect to the farm; or (3) to a person who is not a producer, provided such person controls the land included within the farm with respect to which the application for payment is made and is designated by the sole producer (or all producers) on the farm, as sole recipient for his or their benefit, of the payment with respect to the farm.

SEC. 305. In carrying out the provisions of titles II and III of this act the Secretary is authorized to utilize local committees of sugar beet or sugarcane producers, State and county agricultural conservation committees, or the Agricultural Extension Service and other agencies, and the Secretary may prescribe that all or a part of the expenses of such committees may be deducted from the payments herein authorized.

SEC. 306. The facts constituting the basis for any payment, or the amount thereof authorized to be made under this title, officially determined in conformity with rules or regulations prescribed by the Secretary, shall be reviewable only by the Secretary, and his determinations with respect thereto shall be final and conclusive.

SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, and Puerto Rico.

TITLE IV. EXCISE TAXES WITH RESPECT TO SUGAR

DEFINITIONS

SECTION 401. For the purposes of this title—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "manufactured sugar" means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added) equal to more than 6 percent of the total soluble solids, and except also sirup of cane juice produced from sugarcane grown in continental United States. Notwithstanding the foregoing exceptions, sugar in liquid form (regardless of its nonsugar solid content) which is to be used in the distillation of alcohol shall be considered manufactured sugar.

The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

(c) The term "total sugars" means the total amount of the sucrose (Clerget) and of the reducing or invert sugars. The total sugars contained in any grade or type of manufactured sugar shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition).

(d) The term "United States" shall be deemed to include the States, the Territories of Hawaii and Alaska, the District of Columbia, and Puerto Rico.

TAX ON THE MANUFACTURE OF SUGAR

SEC. 402. (a) Upon manufactured sugar manufactured in the United States, there shall be levied, collected, and paid a tax, to be paid by the manufacturer at the following rates:

(1) On all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) On all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein.

(b) Any person who acquires any sugar which is to be manufactured into manufactured sugar but who, without further refining or otherwise improving it in quality, sells such sugar as manufactured sugar or uses such sugar as manufactured sugar in the production of other articles for sale shall be considered for the purposes of this section the manufacturer of manufactured sugar and, as such, liable for the tax hereunder with respect thereto.

(c) The manufacturer shall file on the last day of each month a return and pay the tax with respect to manufactured sugar manufactured after the effective date of this title (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within 12 months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid): *Provided,* That the first return and payment of the tax shall not be due until the last day of the second month following the month in which this title takes effect.

For the purpose of determining whether sugar has been sold or used within 12 months after it was manufactured sugar shall be considered to have been sold or used in the order in which it was manufactured.

(d) No tax shall be required to be paid upon the manufacture of manufactured sugar by, or for, the producer of the sugar beets or sugarcane from which such manufactured sugar was derived, for consumption by the producer's own family, employees, or household.

IMPORT COMPENSATING TAX

SEC. 403. (a) In addition to any other tax or duty imposed by law, there shall be imposed, under such regulations as the Commissioner of Customs shall prescribe, with the approval of the Secretary of the Treasury, a tax upon articles imported or brought into the United States as follows:

(1) On all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) On all manufactured sugar testing by the polariscope less than 92 sugar degrees 0.5144 cent per pound of the total sugars therein;

(3) On all articles composed in chief value of manufactured sugar 0.5144 cent per pound of the total sugars therein.

(b) Such tax shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930, and shall be treated for the purposes of all provisons of law relating to the customs revenue as a duty imposed by such act, except that for the purposes of sections 336 and 350 of such act (the so-called flexible-tariff and trade-agreements provisions) such tax shall not be considered a duty or import restriction, and except that no preference with respect to such tax shall be accorded any articles imported or brought into the United States.

EXPORTATION, LIVESTOCK FOOD, AND DISTILLATION

SEC. 404. (a) Upon the exportation from the United States to a foreign country, or the shipment from the United States to any possession of the United States except Puerto Rico, of any manufactured sugar, or any article manufactured wholly or partly from manufactured sugar, with respect to which tax under the

provisions of section 402 has been paid, the amount of such tax shall be paid by the Commissioner of Internal Revenue to the consignor named in the bill of lading under which the article was exported or shipped to a possession, or to the shipper, if the consignor waives any claim thereto in favor of such shipper: *Provided*, That no such payment shall be allowed with respect to any manufactured sugar, or article, upon which, through substitution or otherwise, a drawback of any tax paid under section 403 has been or is to be claimed under any provisions of law made applicable by section 403.

(b) Upon the use of any manufactured sugar, or article manufactured therefrom, as livestock feed, or in the production of livestock feed, or for the distillation of alcohol, there shall be paid by the Commissioner of Internal Revenue to the person so using such manufactured sugar, or article manufactured therefrom, the amount of any tax paid under section 402 with respect thereto.

(c) No payment shall be allowed under this section unless within 1 year after the right to such payment has accrued a claim therefor is filed by the person entitled thereto.

COLLECTION OF TAXES

SEC. 405. (a) Except as otherwise provided, the taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

(b) All provisions of law, including penalties, applicable with respect to the taxes imposed under title IV of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect to the tax imposed by section 402. If the tax is not paid when due, there shall be added as part of the tax interest at 6 percent per annum from the date the tax became due until the date of payment.

(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such rules and regulations as may be necessary to carry out all provisions of this title except section 403.

(d) Any person required, pursuant to the provisions of section 402, to file a return may be required to file such return with and pay the tax shown to be due thereon to the collector of internal revenue for the district in which the manufacturing was done or the liability incurred.

EFFECTIVE DATE

SEC. 406. The provisions of this title shall become effective on the date of enactment of this act.

TITLE V. GENERAL PROVISIONS

SECTION. 501. For the purposes of this act, except title IV, the Secretary shall—

(a) Appoint and fix the compensation of such officers and employees as he may deem necessary in administering the provisions of this act: *Provided*, That all such officers and employees, except attorneys, economists, experts, and persons in the employ of the Department of Agriculture on the date of the enactment of this act, shall be subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended: *And provided further*, That no salary in excess of $10,000 per annum shall be paid to any such person.

(b) Make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, lawbooks, books of reference, directories, periodicals, and newspapers.

SEC. 502. (a) There is hereby authorized to be appropriated for each fiscal year for the purposes and administration of this act, except for allotments in the Philippine Islands as provided in subsection (g) of section 205, a sum not to exceed $55,000,000.

(b) All funds available for carrying out this act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal Government as the Secretary may request to cooperate or assist in carrying out the provisions of this act.

SEC. 503. There is authorized to be appropriated an amount equal to the amount of the taxes collected or accrued under title IV on sugars produced from sugarcane grown in the Commonwealth of the Philippine Islands which are manufactured in or brought into the United States on or prior to December 31, 1940, minus the costs of collecting such taxes and the estimates of amounts of refunds required to be made with respect to such taxes, for transfer to the Government of the Commonwealth of the Philippines for the purpose of financing a program of economic adjustment in the Philippines, the transfer to be made under such terms and conditions as the President of the United States may prescribe: *Provided*, That no part of the appropriations herein authorized shall be paid directly or indirectly for the production or processing of sugarcane in the Philippine Islands.

SEC. 504. The Secretary is authorized to make such orders or regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this act. Any person knowingly violating any order or regulation of the Secretary issued pursuant to this act shall, upon conviction, be punished by a fine of not more than $100 for each such violation.

SEC. 505. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the provisions of this act or of any order or regulation made or issued pursuant to this act. If and when the Secretary shall so request, it shall be the duty of the several district attorneys of the United States in their respective districts to institute proceedings to enforce the remedies and to collect the penalties and forfeitures provided for in this act. The remedies provided for in this act shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.

SEC. 506. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209, or any person who brings or imports into the continental United States direct-consumption sugar after the quantities specified in section 207 have been filled, shall forfeit to the United States the sum equal to three times the market value at the time of the commission of any such, (a) of that quantity of sugar or liquid sugar by which any quota, proration, or allotment is exceeded, or (b) of that quantity brought or imported into the continental United States after the quantities specified in section 207 have been filled, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

SEC. 507. All persons engaged in the manufacturing, marketing, or transportation of sugar or liquid sugar, and having information which the Secretary deems necessary to enable him to administer the provisions of this act, shall, upon the request of the Secretary, furnish him with such information. Any person willfully failing or refusing to furnish such information, or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than $1,000 for each such violation.

SEC. 508. No person shall, while acting in any official capacity in the administration of this act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than $10,000 or imprisoned not more than 2 years, or both.

SEC. 509. Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

SEC. 510. The provisions of the Agricultural Adjustment Act, as amended, shall cease to apply to sugar upon the enactment of this act, and the provisions of Public Resolution No. 109, Seventy-fourth Congress, approved June 19, 1936, are hereby repealed.

SEC. 511. In order to facilitate the effectuation of the purposes of this act, the Secretary is authorized to make surveys, investigations, including the holding of public hearings, and to make recommendations with respect to (a) the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane and (b) the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane.

SEC. 512. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this act and for the benefit of agriculture generally in any area. Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this act.

SEC. 513. No tax shall be imposed on the manufacture, use, or importation of sugar after December 31, 1940, and the powers vested in the Secretary under this act shall terminate on such date, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1940 and previous crop years.

With the following committee amendments:

On page 24, in the table between lines 2 and 3, strike out "30,000 to 50,000" and insert in lieu thereof "more than 30,000", and strike out the last line of the table.

On page 26, line 8, after the period, insert the following:

"Notwithstanding the foregoing exceptions, sugar in liquid form (regardless of the nonsugar solid content) which is to be used in the distillation of alcohol shall be considered manufactured sugar."

On page 29, line 20, strike out the comma following the word "exportation" and the words "livestock feed, and distillation", and insert in lieu thereof the words "and livestock feed."

On page 30, line 14, strike out "or for the distillation of alcohol,".

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 7667) to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic

sugar-producing industry; to promote the export trade of the United States; to raise revenue; and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. COCHRAN (at the request of Mr. NELSON), until Monday.

To Mr. DEMPSEY (at the request of Mr. GREEVER), for today, on account of illness.

To Mr. O'CONNOR of New York, on account of illness.

To Mr. TOWEY, for tomorrow, on account of attending funeral of Hon. Frederick Lehlbach.

EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on the bill H. R. 7667, which has been under consideration today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand from the majority leader there will be no further business considered at the completion of the consideration of the sugar bill.

Mr. RAYBURN. The gentleman is correct.

Mr. MARTIN of Massachusetts. Is it further proposed to adjourn over at that time until Monday?

Mr. RAYBURN. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DOCKWEILER. Mr. Speaker, I ask unanimous consent that on tomorrow, after the completion of the legislative program for the day and following any special orders heretofore entered, I may address the House for 5 minutes on the subject of transient relief in California.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. KING. Mr. Speaker, I ask unanimous consent to insert two tables in the remarks I made today in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the Delegate from Hawaii?

There was no objection.

Mr. TOBEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a letter from the Flood Control Commission of the State of New Hampshire with reference to the flood-control compacts which are now pending in the House.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered over the radio by my colleague, the gentleman from Kansas [Mr. LAMBERTSON].

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a speech I made yesterday at Gettysburg.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with regard to the sugar legislation, and include therein certain tables from Labor Statistics.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

WAGE AND HOUR LEGISLATION

The SPEAKER. Under a previous special order, the gentleman from Pennsylvania [Mr. SWOPE] is recognized for 20 minutes.

Mr. SWOPE. Mr. Speaker and Members of the House, wage and hour legislation, in line with the Black-Connery bill, presents three questions to the Congress and the American people:

First. Is such legislation constitutional?

Second. Is there a need for it?

Third. Will it accomplish the hoped-for results?

In view of the broad, elastic features of the Constitution of the United States and recent decisions of the United States Supreme Court on social legislation, there are few who would hold that wage and hour legislation is unconstitutional.

When countless people are working for insignificant wages as low as $5 per week and less, some even almost within the shadow of our State capitol dome at Harrisburg, it is time that those charged with the responsibility of looking after the affairs of our Government should concern themselves with this problem. Millions of people are forced to exist on a level which most of us would consider way below even the minimum standard of existence. This deplorable condition holds within it the seeds of grave trouble for the American people and the Nation in the future. For a large part of our people to continue under a substandard of existence is bound to breed evils which will eventually be inimical to our form of government

Much has been said about the causes which brought about dictatorships in some of the great European nations. A most casual study of the situations existing in those countries immediately prior to the establishment of dictatorships shows that in all instances a great percentage of the people of those nations were forced to exist upon the most meager material resources, and it was only after the people of those nations felt that the then government held no hope for their future betterment that dictatorships became possible.

Again, by permitting this large portion of our population to live in such a restricted manner prevents us from the high development of our own domestic production and distribution.

It is true that legislation of such far-reaching consequences, when applied to such a vast nation as ours, presents great difficulties of administration. But since when have the American people shrunk from daring to do new and difficult things? It would be possible to recount innumerable cases in which the genius, inventive mind, and capability of the American people have accomplished what were considered impossible tasks.

Unemployment is not a modern phenomenon. It has been known throughout the civilized world from the early days of the human race. In ancient times the solution for unemployment frequently consisted of the conquest of neighboring tribes and countries and the subjugation and frequently the extermination of their peoples, thus making room for colonization to be undertaken by the citizens of the conquering race.

During the Middle Ages the "black death" swept over European countries and killed a large proportion of their working population. This resulted in a scarcity of labor and for a long period solved the problems of unemployment. In the United States there have been recurring periods when unemployment was a grave problem. However, until recent years the progressive conquest of our own frontier made possible the solution of this economic problem. With the recent depression we experienced unemployment to a greater degree than ever before in the Nation's history. Because there is no further American frontier to conquer the problem persists, even though we have practically emerged from the

depression and resumed a period of prosperity so far as industrial production and income are concerned.

This problem is not confined to our own country but is of world-wide proportions. Most nations have undertaken its solution through national planning and legislation. In this country the enactment of N. R. A. was an emergency attempt to solve unemployment. Fashionable as it has recently been to malign and belittle the accomplishments of N. R. A., I want to state, as one who was engaged in active business management in 1933, that the wage and hour provisions of that act were definitely responsible for marking the turning point in our rapidly and spiralling unemployment toward more general employment. I would not for a moment intimate that I would desire to resume N. R. A. with its vast complexities and innumerable business codes as it existed after the voluble General Johnson got through with it. I maintain that the American people's estimate of N. R. A. declined not on account of its wage and hour provisions but because of the fact that business generally—and big business specifically—wrote into the codes of fair practice improper and unworkable business practices.

When we realize that millions of our citizens are still unable to obtain regular employment and that other millions are forced to take employment at shamefully low wages, we must all agree that the need for some solution is definitely evident. A large percentage of our people are forced to exist upon such a low standard that denial of all but the barest necessities is forced upon it. Selfish employers refuse to recognize any social responsibility with respect to those whose services they hire. Throughout my district I can point to scores of establishments which employ people at wages so low that the employees are unable to keep up even a decent standard of self-respect. It is these millions of American citizens who by the very nature of things are practically inarticulate, for whom we as Members of Congress must legislate. They have no high-priced legislative representatives in Washington. They have no powerful newspapers to speak for them. They have no opportunity to describe their needs over the radio. They have no powerful labor organizations through which they can speak with a unified voice. But they are nevertheless part and parcel of our economic and national existence. If we would preserve the hopes and ideals of the Republic, as expressed by our founding fathers in the Declaration of Independence and the Constitution, we as legislators must concern ourselves with their problems and find the solution.

More than anything else, to my mind, was the large vote for President Roosevelt in 1932 and the much larger vote in 1936, an expression of the hopes and aspirations of these millions. Because this vote placed in power a national Democratic administration with an unprecedented party majority in both Houses of the Congress, my party has a definite responsibility to exert every effort and exhaust every avenue toward establishment of a program which will lead to the realization of the hopes of this great mass of our people.

In examining the last question involved it is admitted that there exists a difference of opinion as to the results which are hoped to be attained. But I think this difference of opinion is represented by the economic philosophy of two distinct schools of thought. Many of us have lived long enough to experience times when the production and distribution of goods—and consequently also price levels—stood at a high figure. Then again we have lived through times when price levels were at a low figure, with a consequent decline in production and distribution. I believe that the vast majority of our people prefer to live under the former conditions. Of course, all of these benefits cannot be obtained for the people in the low-income brackets without a rise in the cost of living. But I refer again to the comparison between so-called good times and poor times.

We should not be too much disturbed about the immediate effects of such legislation upon any particular part of our Nation. We must, of course, insist that the administration of this proposed law shall be handled with a maximum of understanding and consideration for the problems of all sections of our country. If we can raise the standard of living of millions of our people—and I consider it an absolute duty of the Government to be concerned about this—we shall increase the demands and requirements for goods so that all sections of our country will be stimulated thereby, and I believe we will hear very little about overproduction of basic commodities after we have, through experience, learned how to operate this new system wisely.

But I hear sincere opponents of this type of legislation say, "It can't be done; a program of such magnitude cannot be undertaken by the United States Government."

The troubles which have constantly beset the human race throughout the ages have challenged the resourcefulness and intelligence of the leaders of thought. Men whose names stand out in history are not those who were timid and subscribed to the "it can't be done" theory. Benjamin Franklin, starting with accidental experimentation, discovered natural principles which have been converted into one of the greatest servants that mankind has ever seen—the application of electricity to human uses. We are today but on the threshold of an era which will see a presently unbelievable increase in the scope of the use of electricity to perform our labors which formerly needed manual application. Robert Fulton, when he proposed to harness the steam engine to ships, was ridiculed and laughed to scorn. Today, just slightly more than a century after his experiments, we have great ocean liners with palatial appointments which could not have been dreamed of several years ago. The Wright brothers when they proposed to fly a machine heavier than air were considered slightly "balmy." Their experiments were made within the lifetime of almost every Member of this House, and today we have large air liners which fly across our continent practically overnight. Our oceans are being spanned in regular passenger service. Daring aviators have recently flown across the North Pole from one continent to another. The Wright brothers—and all their brave and courageous successors—never for a moment believed that "it couldn't be done."

The discovery and invention of the telegraph, the telephone, and the wireless provide other outstanding examples of the accomplishments possible when men have confidence in their ability and courage to dare to do the unknown or impossible.

Galileo, when he announced his theory of the orderly scheme of the universe, was forced to recant and even then lost his life for the courage of his belief. We enjoy in the New World a free civilization because Columbus dared to venture on a project which was considered foolhardy and impossible by his more conservative contemporaries.

Oh, but I hear someone talking about the danger in setting aside natural economic laws. I have for years endeavored to find out just what the phrase "natural economic laws" means. Through personal observation, I am forced to conclude that many of our industrial overlords who cry loudest on this point have always striven for their own selfish benefit to erect laws that were neither natural nor economic.

Mr. Speaker and Members of the House, the human race has from its earliest days been busy setting aside so-called natural economic laws. Almost every successful effort which we have made to raise ourselves above and distinguish ourselves from the mere animal has been through the promulgation of man-made laws which had for their purpose the setting aside of natural economic laws.

We have debated today the new sugar bill, brought in by the Committee on Agriculture to succeed the Jones-Costigan law. The most serious difficulty with this bill has been the necessity of trying to protect, so far as possible, all the various interests which have a right to be considered in writing its provisions through setting aside the ordinary operation of natural economic laws. Our splendid efforts on behalf of American agriculture represent another example. The stupendous reclamation projects upon which we have acted represent another. In fact, almost every day since I entered Congress last January we have been engaged

in discussing measures with which we desire to improve the condition of our people through legislative interference with natural economic laws.

Most of the arguments against the passage of wage and hour legislation are familiar. They can be traced through the CONGRESSIONAL RECORD at every period when Congress undertook to legislate for the betterment of labor conditions and to lift the burden from the shoulders of the common man. I say that the Government has a responsibility here which it should not shirk. It is for us to set the example which can be pointed to with pride by our people.

In 1892 Congress passed an 8-hour law with reference to Government construction. Several years ago Congress enacted the Bacon-Davis law requiring compliance with certain labor standards on the part of Government contractors, and just last year the final passage of the Walsh-Healey Act, setting up labor and wage standards for successful bidders to supply Government materials brought out these same shopworn arguments. I have been officially told that the Walsh-Healey law is being applied with a minimum of trouble and friction. All of the dire consequences which were predicted if the act should pass have failed to materialize. The administration of the provisions of the act require a relatively small appropriation, only $335,000 having been provided for this fiscal year, and I believe the organization is not set up on nearly a large enough scale at present to consume that amount.

Of course, I want the least possible delegation of power to an administrative board. It is understood that the Labor Committee of this House is bringing in a bill which it is claimed will improve upon the bill passed by the Senate with respect to these provisions. I also hear that safeguards are included for the proper protection of collective bargaining agreements.

Mr. Speaker and Members, I am not here to insist upon a specific formula to be written into this bill. What I do say—most emphatically—is that we should agree upon underlying principles, and then work out a program based on such principles with the greatest tolerance, respect, and consideration for the fundamental needs of the various sections of our country and the various groups of our citizens that are to be affected. Years ago I read a beautiful phrase which I believe is familiar to most of you. It is, "Principles unite men; programs divide them." It is true that we, as a Congress, cannot stop with the enunciation of principles. We are also specifically charged with the necessity of working out programs. But I maintain that if we can agree upon principles it will be far easier to work out programs. The possibility of working out a satisfactory law for wages and hours will be enhanced if we merge our individual opinions fairly and frankly and give each to the other the benefit of sincerity of purpose and high motive.

We hear much about who is for this plan or who is against it. In the final analysis such statements can only be used as guides to determine the greatest good for the greatest number. I venture to state that the President of the United States, when he tells us of the necessity for such legislation, is speaking the wish of the American people. Let us adopt this legislation, not only because he asks us to; not because some labor leader asks us to; not because some other labor leader asks us not to do so; not because some industrialist inveighs against it; not for any reason except that by which we come through the exercise of our own intelligence and our sure knowledge that such a measure will be a step in the right direction toward a solution of some of our economic ills brought about by wide unemployment. [Applause.]

The SPEAKER. The gentleman from Pennsylvania [Mr. DITTER] is also entitled to address the House for 15 minutes, but the gentleman has informed the Chair that it is not his purpose to exercise this privilege.

EXTENSION OF REMARKS

Mr. BARRY. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. LANZETTA], who spoke on the sugar bill in the Committee of the Whole, may be permitted to include in his remarks some tables to which he referred in the course of his address.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 7472. An act to provide revenue for the District of Columbia, and for other purposes.

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 191. An act for the relief of Orson Thomas;

S. 449. An act for the relief of the estate of Charles Pratt;

S. 792. An act for the relief of Margaret Larson, a minor;

S. 893. An act conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of Jack Wade, Perry Shilton, Louie Hess, Owen Busch, and William W. McGregor;

S. 972. An act for the relief of Ethel Smith McDaniel;

S. 1047. An act to authorize the city of Pierre, S. Dak., to construct, equip, maintain, and operate on Farm Island, S. Dak., certain amusement and recreational facilities; to charge for the use thereof; and for other purposes;

S. 1379. An act to authorize the Five Civilized Tribes, in suits heretofore filed under their original Jurisdictional Acts, to present claims to the United States Court of Claims by amended petitions to conform to the evidence; and to authorize said court to adjudicate such claims upon their merits as though filed within the time limitation fixed in said original Jurisdictional Acts;

S. 1401. An act for the relief of Willard Collins;

S. 1453. An act for the relief of Maude P. Gresham and Agnes M. Driscoll;

S. 1935. An act to authorize and direct the Comptroller General of the United States to allow credit for all outstanding disallowances and suspensions in the accounts of disbursing officers or agents of the Government for payments made pursuant to certain adjustments and increases in compensations of Government officers and employees; and

S. J. Res. 171. Joint resolution relating to the employment of personnel and expenditures made by the Charles Carroll of Carrollton Bicentenary Commission.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 114. An act to provide for studies and plans for the development of a hydroelectric power project at Cabinet Gorge, on the Clark Fork of the Columbia River, for irrigation pumping or other uses, and for other purposes; and

H. R. 7373. An act to aid the several States in making, or having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, August 6, 1937, at 11 o'clock a. m.

COMMITTEE HEARING

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Washington, D. C., Tuesday, August 10, 1937, at 10 a. m.,

on H. R. 8080, a bill to establish a fund for the insurance of mortgages securing loans for the construction or reconditioning of floating property used for commercial purposes.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

778. A letter from the chairman, Joint Committee on Tax Evasion and Avoidance, transmitting report of the Joint Committee on Tax Evasion and Avoidance of the Congress of the United States pursuant to Public Resolution No. 40, Seventy-fifth Congress; to the Committee on Ways and Means and ordered to be printed.

779. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 4, 1937, submitting a report, together with accompanying papers on a preliminary examination of Ohio River below Ironton, Ohio, with a view to the construction of dam, authorized by the River and Harbor Act approved August 30, 1935; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SABATH: Committee on Rules. House Resolution 300. Resolution providing for the consideration of H. R. 6963; without amendment (Rept. No. 1442). Referred to the House Calendar.

Mr. O'CONNOR of New York: Committee on Rules. House Resolution 287. Resolution authorizing the Committee on the Judiciary to investigate various practices in the inferior courts of the United States, and for other purposes; without amendment (Rept. No. 1443). Referred to the House Calendar.

Mr. GREENWOOD: Committee on Rules. House Resolution 301. Resolution providing for the consideration of H. R. 8046; without amendment (Rept. No. 1444). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. H. R. 8136. A bill authorizing retirement annuities for certain Librarians of Congress; without amendment (Rept. No. 1445). Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Irrigation and Reclamation. H. R. 3786. A bill providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming; without amendment (Rept. No. 1446). Referred to the Committee of the Whole House on the state of the Union.

Mr. IGLESIAS: Committee on Agriculture. H. R. 7908. A bill to extend the benefits of section 21 of the Bankhead-Jones Act to Puerto Rico; without amendment (Rept. No. 1447). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. S. 1375. An act to provide for the punishment of persons transporting stolen animals in interstate commerce, and for other purposes; with amendment (Rept. No. 1448). Referred to the House Calendar.

Mr. SHEPPARD: Committee on Indian Affairs. H. R. 8026. A bill to authorize the Secretary of the Interior to lease or sell certain lands of the Agua Caliente or Palm Springs Reservation, Calif., for public airport use, and for other purposes; with amendment (Rept. No. 1449). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 574) granting a pension to Susan Melugin, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COLMER: A bill (H. R. 8160) to provide for the establishment and maintenance of a regional research laboratory for the development of industrial uses for agricultural products; the first unit to be devoted to the development of industrial uses for cotton and cotton products; additional units to be provided for the study of other crops as additional funds are provided; to the Committee on Agriculture.

By Mr. COLLINS: A bill (H. R. 8161) to provide relief for the American farmers for the fiscal year ending June 30, 1938; to the Committee on Appropriations.

By Mr. McGEHEE: A bill (H. R. 8162) to amend the act of Congress approved June 17, 1870, entitled "An act to establish a police court for the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. SNYDER of Pennsylvania: A bill (H. R. 8163) to reclassify the salaries of the foreman and requisition fillers and packers in the Division of Equipment and Supplies of the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. DUNCAN: A bill (H. R. 8164) to make available each State which enacted in 1937 an approved unemployment-compensation law a portion of the proceeds from the Federal employers' tax in such State for the year 1936; to the Committee on Ways and Means.

By Mr. ENGLEBRIGHT: A bill (H. R. 8165) to add certain lands to the Trinity National Forest, Calif.; to the Committee on the Public Lands.

By Mr. HAVENNER: A bill (H. R. 8166) to authorize the Secretary of the Navy to proceed with the construction of a graving dock on San Francisco Bay, Calif.; to the Committee on Naval Affairs.

By Mr. RUTHERFORD: A bill (H. R. 8167) to extend the times for commencing and completing the construction of a bridge across the Delaware River between village of Barryville, N. Y., and the village of Shohola, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. PHILLIPS: A bill (H. R. 8168) to amend the judicial code and provide for an additional district judge in Connecticut; to the Committee on the Judiciary.

Also, a bill (H. R. 8169) to amend the judicial code and provide for additional judicial facilities in Connecticut; to the Committee on the Judiciary.

By Mr. McREYNOLDS: Joint resolution (H. J. Res. 481) authorizing participation by the United States in the Eighth International Road Congress, to be held at The Hague in June 1938; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLLINS: A bill (H. R. 8170) for the relief of the estate of Minerva (Nerva) May; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 8171) granting an increase of pension to Hannah Sims; to the Committee on Invalid Pensions.

By Mr. O'BRIEN of Michigan: A bill (H. R. 8172) granting a pension to John W. Elben; to the Committee on Pensions.

By Mr. WITHROW: A bill (H. R. 8173) for the relief of Vera P. Clancy; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3127. By Mr. CURLEY: Petition of the United Hospital and Medical Workers of New York City, urging enactment of Allen-Schwellenbach bill; to the Committee on Appropriations.

3128. Also, petition of the American Labor Party, Bronx, New York City, urging passage of the Black-Connery bill; to the Committee on Labor.

3129. Also, petition of the Artists Union of New York City, urging enactment of the Allen-Schwellenbach bill; to the Committee on Labor.

3130. By Mr. FITZPATRICK: Petition of the Central Trades and Labor Council of Greater New York City and Vicinity, urging the passage of the Schwellenbach-Allen resolution no. 440, providing for the reinstatement of all workers dismissed from Works Progress Administration projects; to the Committee on Appropriations.

3131. Also, petition of the American Labor Party of Bronx County, New York City, N. Y., strongly urging the passage of the Black-Connery wage and hour bill; to the Committee on Labor.

3132. By Mr. KEOGH: Petition of the Central Trade and Labor Council of Greater New York and Vicinity, endorsing the Schwellenbach-Allen resolution; to the Committee on Appropriations.

3133. Also, petition of the Educators Association, New York City, concerning the Black-Connery Fair Labor Standards Act of 1937; to the Committee on Labor.

3134. Mr. MERRITT: Resolution of the Citizens League Against Communism, Richmond Hill, N. Y., that a bill be introduced requesting Congressional investigation into the activities of the Communist Party and all its branches, to determine how many persons hold membership in said organizations, and who were granted the right of citizenship by taking the oath of allegiance to uphold the Constitution of the United States, and any and all of said persons, where it shall be determined holding membership in said organizations has violated said oath of allegiance, shall be deprived of the right of citizenship and therefore should be deported as undesirable aliens; to the Committee on the Judiciary.

3135. Mr. O'NEILL of New Jersey: Petition of Journeymen Barbers International Union, Local 296, Trenton, N. J., petitioning passage of Wagner-Steagall housing bill; to the Committee on Banking and Currency.

3136: Mr. PFEIFER: Petition of the United Hospital and Medical Workers, New York City, endorsing the Schwellenbach-Allen resolution; to the Committee on Appropriations.

3137. Also, petition of the Central Trades and Labor Council of Greater New York and Vicinity, endorsing the Schwellenbach-Allen joint resolutions (H. J. Res. 440 and S. J. Res. 176); to the Committee on Appropriations.

3138. Also, petition of the Federation of Architects, Engineers, Chemists, and Technicians, New York City, concerning the Schwellenbach-Allen joint resolutions; to the Committee on Appropriations.

3139. Also, petition of the Educators' Association, New York City, concerning the Connery-Black wage and hour bill; to the Committee on Labor.

3140. Also, petition of the Washington Housing Association, Washington, D. C., concerning the Wagner-Steagall housing bill; to the Committee on Banking and Currency.

3141. Also petition of the Office of the Council of the City of Cleveland, Ohio, concerning the Wagner-Steagall housing bill; to the Committee on Banking and Currency.

3142. By the SPEAKER: Petition of the Independent Order of Odd Fellows, United Lodge No. 4, Colorado, concerning social-security law and payment of taxes; to the Committee on Ways and Means.

SENATE

FRIDAY, AUGUST 6, 1937

(Legislative day of Thursday, July 22, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, August 5, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. MEGILL, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President.

S. 191. An act for the relief of Orson Thomas;

S. 449. An act for the relief of the estate of Charles Pratt;

S. 792. An act for the relief of Margaret Larson, a minor;

S. 893. An act conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of Jack Wade, Perry Shilton, Louie Hess, Owen Busch, and William W. McGregor;

S. 972. An act for the relief of Ethel Smith McDaniel;

S. 1047. An act to authorize the city of Pierre, S. Dak., to construct, equip, maintain, and operate on Farm Island, S. Dak., certain amusement and recreational facilities; to charge for the use thereof; and for other purposes;

S. 1379. An act to authorize the Five Civilized Tribes, in suits heretofore filed under their original jurisdictional acts, to present claims to the United States Court of Claims by amended petitions to conform to the evidence; and to authorize said court to adjudicate such claims upon their merits as though filed within the time limitation fixed in said original jurisdictional acts;

S. 1401. An act for the relief of Willard Collins;

S. 1453. An act for the relief of Maude P. Gresham and Agnes M. Driscoll;

S. 1935. An act to authorize and direct the Comptroller General of the United States to allow credit for all outstanding disallowances and suspensions in the accounts of disbursing officers or agents of the Government for payments made pursuant to certain adjustments and increases in compensation of Government officers and employees;

H. R. 7472. An act to provide additional revenue for the District of Columbia, and for other purposes; and

S. J. Res. 171. Joint resolution relating to the employment of personnel and expenditures made by the Charles Carroll of Carrollton Bicentenary Commission.

CALL OF THE ROLL

Mr. LEWIS. It is apparent that we have not now a quorum, and I suggest its absence, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	La Follette	Radcliffe
Andrews	Davis	Lee	Reynolds
Ashurst	Dieterich	Lewis	Schwartz
Austin	Donahey	Lodge	Schwellenbach
Bailey	Ellender	Logan	Sheppard
Barkley	Frazier	Lonergan	Shipstead
Berry	George	Lundeen	Smith
Bilbo	Gerry	McAdoo	Steiwer
Black	Gillette	McCarran	Thomas, Okla.
Bone	Glass	McGill	Thomas, Utah
Borah	Green	McKellar	Townsend
Bridges	Guffey	McNary	Truman
Brown, Mich.	Hale	Maloney	Tydings
Brown, N. H.	Harrison	Minton	Vandenberg
Bulkley	Hatch	Moore	Van Nuys
Bulow	Herring	Murray	Wagner
Burke	Hitchcock	Neely	Walsh
Byrd	Holt	Nye	Wheeler
Byrnes	Hughes	O'Mahoney	White
Capper	Johnson, Calif.	Overton	
Chavez	Johnson, Colo.	Pepper	
Clark	King	Pittman	

Mr. LEWIS. I announce that the Senator from Wisconsin [Mr. DUFFY] and the Senator from Georgia [Mr. RUSSELL] are absent on official duty as members of the committee to attend the dedication of the battle monuments in France.

I further announce that the Senator from Arkansas [Mrs. CARAWAY] is unavoidably detained; that the Senator from Idaho [Mr. POPE], and the Senator from New York [Mr.